

The American Economic Review

VOL. XVI

JUNE, 1926

No. 2

INTEREST COST AND THE BUSINESS CYCLE

Introduction

In the December number of the AMERICAN ECONOMIC REVIEW, Mr. Carl Snyder, discussing the interest rate in relation to the business cycle, made a very able argument to support the theory that the interest cost¹ of doing business is a relatively unimportant factor in the cycle. "The actual cost of money to merchants and manufacturers," says Mr. Snyder, "is not in itself a decisive factor in the business cycle. High money rates seem rather the sequelae or aftermath of business expansion and speculative activity, not, as a rule, in evidence until some time after the decline alike in business and in speculation has begun."²

A part of his cogent reasoning is stated in the following: "To sum up, then, we see that the great bulk of loanable funds in the United States is put out at more or less stable rates of interest, that is, stable in the sense that, as a rule, the rates vary slowly over a series of years and show little of the cyclical type of fluctuation. In turn, likewise, the bulk of bank funds are loaned at rates of interest which vary within rather narrow limits. The rates which vary widely affect a relatively small portion of funds loaned, and the extremely variable rates an extremely small portion."³

It seems a fair statement of Mr. Snyder's position to say that the rates on the bulk of loans are quite stable and that what fluctuation there is in these rates comes about "slowly and in response to influences which have little to do, relatively, with the trade cycle or what we call 'business.'"⁴ Apparently, when speaking of the trade cycle or what we call "business," he means the physical volume of trade. In relation to this trade cycle, he states, there would be very little

¹Interest cost is the charge in payment for the use of borrowed money. Naturally, it bears a percentage ratio to the amount of money borrowed, which ratio is the rate of interest. The interest rate and the loan are the two factors of interest cost. The trend of the ratio of gross income (most of which is interest cost to borrowers) to earning assets indicates the changes in the rate of interest cost or approximately the rate of interest charged by banks.

²AMERICAN ECONOMIC REVIEW, XV, pp. 697-98.

³Ibid., p. 690.

⁴Ibid., p. 690.

fluctuation in rates but for the influence of the changes in the price level. In other words, the slight fluctuation in the bulk of interest is due to "influences" other than the volume of business. These "influences" seem to be due, Mr. Snyder states, "to a changing general level of prices."

I wish to defend the following proposition, which I offer in partial refutation of Mr. Snyder's thesis: First, the bulk of bank loans are negotiated at rates which fluctuate rather abruptly, and in a large proportion, in response to conditions incident to business cycles. Second, that the interest cost of doing business is a significant part of the total cost of doing business. Third, that the fluctuation in the bulk of interest does directly and significantly affect the cost of doing business, and that such cost is "a decisive factor in the business cycle."

Amount of Fluctuation in the Rate on Loans

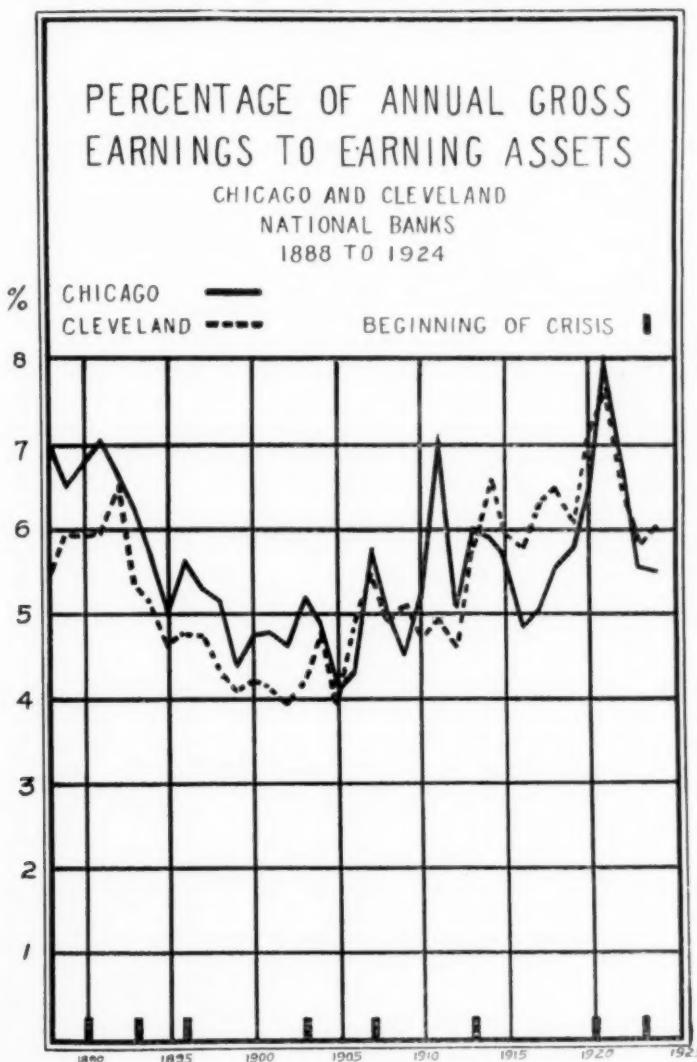
There is no need to discuss the fluctuation in the rate on commercial paper or the rate on call loans, for Mr. Snyder notes that there is a considerable fluctuation in these rates. But he believes this fluctuation is relatively unimportant, because such loans, i. e., call loans and commercial paper, comprise so small a part of the total loans.

Mr. Snyder states that $7\frac{1}{2}$ per cent may be regarded as "about the standard bank rate in the more settled and wealthy portions of the United States, year in and year out, without regard to trade cycles or anything else." Unfortunately for his argument, he then admits that this is not true in the case of the larger banks in the larger cities, where there is greater variability. The range of variability in this class of loans, he says, was about $4\frac{1}{2}$ to 7 per cent, 1919 to 1924, which is a large range. Mr. Snyder believes this body of loans comprises only about 10 billions of commercial loans, out of about 125 billions of total credit instruments for money loaned by all persons for all purposes.⁵ He then states the conclusion quoted in the introduction above.

In pointing out that the fluctuation in the interest rate on the bulk of loans has been underestimated and minimized, I shall use three classes of data: first,—the ratio of gross income of national banks to their earning assets; second,—the fluctuation in the prices of long time securities and the fluctuation in the reciprocal of these prices; third,—the fluctuation in the ratio of interest expense to net sales and to profits in various classes of trading concerns. I shall attempt to show that the bulk of loans bear rates of interest which fluctuate greatly in response to business cycle conditions.

⁵AMERICAN ECONOMIC REVIEW, *op. cit.*, pp. 684-689.

The cost of interest is shown rather clearly in the accompanying chart.* This chart shows the trend of the ratio of gross earnings of



national banks to earning assets in Chicago and Cleveland, 1888 to 1924. While the ratio of gross earnings or income to earning assets

*One of my students, Norman Greenwood, assisted in the statistical analysis which is the basis for this chart.

is not quite the same as the average rate of interest, nor yet quite the same as the percentage of interest income of banks to loans and investments, yet this income ratio very closely approximates the percentage of interest income on loans and investments. Gross income includes some income other than interest. But Table I shows that

TABLE I.—PERCENTAGE RATIO OF INTEREST AND DISCOUNT RECEIVED BY NATIONAL BANKS TO:

Date	Gross earnings of national banks				Average earning assets of national banks			
	N.Y. City	Outside N. Y.	Chicago	Cleveland	N.Y. City	Outside N. Y.	Chicago	Cleveland
1918	92.0	93.5	93.5	94.7	5.20	5.98	5.24	6.20
1919	90.0	93.5	93.4	94.0	5.47	5.89	5.43	5.73
1920	85.0	92.8	95.6	93.1	6.57	6.74	6.15	6.51
1921	87.3	93.0	93.0	91.2	7.85	7.48	7.39	6.93
1922	83.6	91.0	88.1	81.6	6.16	6.96	5.81	5.26
1923	83.6	90.6	91.3	87.4	6.01	6.21	5.05	5.08
1924	83.0	91.0	90.4	84.0	5.57	5.75	5.04	5.08

interest is the great bulk of the gross income of national banks. In fact, the interest rate alone, no doubt, would follow very much the same trend as this income ratio, if we should take all banks as a group. Thus, this chart approximately represents the trend of interest rates on bank loans.

Table I probably shows a tendency, especially in New York, to receive an increasing proportion of income from sources other than interest. But interest remains the great bulk of bank income. The

TABLE II.—PERCENTAGE OF GROSS EARNINGS TO EARNING ASSETS IN NATIONAL BANKS AS RELATED TO MAJOR CRISES

Date	New York City	Outside New York City	Chicago	Cleveland
1888	5.71	6.75	6.95	5.50
1889	5.20	6.78	6.54	5.95
1890	5.86	6.60	6.78	5.92
1891	6.07	6.75	7.05	5.96
1892	4.80	6.27	6.70	6.56
1893	5.30	6.58	6.28	5.33
1894	4.73	6.10	5.74	5.09
1918	5.20	5.98	5.60	6.53
1919	5.47	5.89	5.81	6.10
1920	6.57	6.74	6.47	7.02
1921	7.85	7.48	8.05	7.65
1922	6.16	6.96	6.61	6.44
1923	6.01	6.21	5.55	5.80
1924	5.57	5.75	5.53	6.05

right half of Table I shows a large fluctuation in the ratio of interest income to earning assets.¹

The accompanying chart, then, through this income ratio (ratio of gross income to earning assets) accurately shows the trend of the average interest rate charged by banks, 1888-1924, or at least shows the approximate trend of average interest rates on bank loans.

There are two kinds of fluctuations shown in this chart. First and more evident, there is the long downward trend to 1899 and the long upward trend from 1899 to 1924. Second, there are cyclical short-time fluctuations of significant proportions within these long-time trends. While the long-time changes in the rate of interest cost are more apparent than the short-time changes, it is also evident that the short-time cyclical fluctuations in the rate of interest are important. *And the shortness of the time within which these changes in interest costs come about, adds to the significance of the changes, and adds to the hazards incident to business affairs.* It would seem that Mr. Snyder minimized these cyclical changes, and that he believes even the long-time changes are relatively unimportant. He says: "In the last twenty-five or thirty years the drift of long-time interest rates, as of bond yields and even the long-term averages of commercial paper and other interest rates, has corresponded more closely with changes in the general level of prices than to any other influence."² It is to the cyclical changes in interest cost that I wish to direct attention, rather than to the *long-time* changes.

Mr. Snyder points out that business and speculation may not be the controlling forces affecting changes in the interest rate. He very correctly points out that the change in money value may be the most important influence affecting changes in the interest rate; but he seems to believe that the influence of the change in the value of money on the interest rates as a practical matter is the *exceptional* thing. He says, after discussing business and speculation: "The further fact we have to consider is that, again under exceptional conditions, forces may arise more potent in their influence upon interest rates than either, as has been notably the case in the last ten years. That is the changing value of money itself. . . . When the currency of the country, or its equivalent, is debased in value, in due course interest rates will rise." The debasement of the currency is "evidenced in the corresponding rise in commodity values," and this "brings an equivalently

¹Earning assets in this study include overdrafts and customer's liability on account of acceptances. These bear a very small ratio to loans and investments. Interest-income had not been segregated from gross income until 1918, so could not be used for this study except for the period since 1918. Figures on earning assets are the yearly average of the earning assets as shown in the comptroller's periodic reports.

²AMERICAN ECONOMIC REVIEW, op. cit., p. 694.

enlarged demand for loans, required to take care of a given volume of trade at the higher price levels; and vice versa."¹⁹

Furthermore, one is led to believe that Mr. Snyder considers all this exceptional because he then speaks of the long-time interest rates as following closely for the last twenty-five years on the general level of prices.

It is not necessary to assume that the long-time sweep of the price level is the only fluctuation in prices which affects the interest rates. It is true that the rise of the price level tends to result in greater expansion of loans, greater expansion of deposits, lower ratio of reserves to deposits, and increasing interest rates. The rise in the price level over a short period of time, such as two years, will have this result. Similarly a fall in the price level for a short period of time, such as two or three years, will tend to result in contraction of loans and deposits, in larger reserve ratios, and a fall in interest rates. It is a mistake to assume or believe that only the long-time changes in price level appreciably affect loans, deposits, reserve ratios, and interest rates, if such assumption or belief is to be used as the basis for financial policy. The accompanying chart indicates short-time changes in the cost of interest, which changes correspond pretty closely to short-time changes in the price level.²⁰ Reserve ratios and interest rates are constantly changing, largely as a result of changes in prices of commodities.

The extent of the fluctuation in the income ratio can be noted also from Table II. In New York and Chicago the ratio was highest in 1891, being 6.07 per cent and 7.05 per cent respectively, if we consider the period of the 1890's. The ratio in 1891 in New York exceeded that of 1889 by 16.4 per cent, and in Chicago by 7.3 per cent. The ratio in 1891 exceeded that of 1894 by 28 per cent in New York, and in Chicago by 22 per cent.

In the depression of 1920-21 the income ratio was highest in 1921 in all parts of the country. This ratio in 1921 in New York was in excess of the 1918 ratio by 50 per cent, and in Chicago by 44 per cent. Likewise in 1921 it was in excess of the 1924 ratio in New York by 41 per cent, and in Chicago by 45 per cent. There is a similar fluctuation in Cleveland, where in 1921 the income ratio was 25 per cent above that of 1919, and 32 per cent above that of 1923. If we note all banks (national) outside of New York, the ratio in 1921 was 27 per cent in excess of the 1919 ratio, and 30 per cent above that of 1924. The rate of return in 1925 was less than in 1924.²¹

The fluctuation in the rate of interest cost would no doubt be shown

¹⁹*Ibid.*, 692-694.

²⁰See also *Vanderblue, Problems in Business Economics*, pp. 18-23.

²¹*Federal Reserve Bulletin*, December, 1925, p. 869.

even more clearly if data for individual banks were presented than for large groups of banks, such as those of the large cities or other geographic areas. When over a period of two or three years, the rate of interest cost rises or falls in large groups of banks from 25 to 50 per cent, as is shown by Tables I and II, it is evident that the cost of doing business is changing considerably, if interest cost is a significant part of the total cost of doing business. No doubt the figures for many individual banks would show even greater fluctuation in the ratio. We must conclude, then, that the fluctuation in the income ratio, thus indicating fluctuation in the interest rate, shows great fluctuation in interest cost.

Some minor cycle fluctuations may be seen in the following table of percentage excess in the income ratio at designated times over other designated times at Chicago.

MINOR CYCLE FLUCTUATIONS IN INCOME RATIO AT CHICAGO

Low period	Excess of high periods over designated low periods.	
	Preceding high	Following high
1899	1898 - 17%	1901 - 8.5%
1905	1903 - 25	1907 - 38
1909	1907 - 26	1911 - 56
1912	1911 - 38	1913 - 17

It is seen from this table that even the fluctuations in minor cycles at Chicago are hardly minor fluctuations. This table is based on yearly averages, and thus does not show the largest fluctuations.

Interest Cost of Long-time Money

The trend of interest cost may be observed in the trends of the reciprocal of the prices of bonds and of the prices of bonds. It has often been observed that the trend of the reciprocal of the prices of bonds has a high correlation with the trend of the rate of interest. This relation is closer even than is usually observed. If the prices of bonds and the rate of interest are plotted over a long period of years on the base of their respective standard deviations, the two are seen to have a very close reciprocal relation. The coefficient of correlation between the average price of 40 bonds and the rate of interest on commercial paper, 1920 to 1925, is — .98 (minus .98).¹²

¹²*Survey of Current Business*, Dec., 1925, p. 3; Adams, *Economics of Business Cycles*, p. 87; Babson, *Business Barometers*, p. 106.

While the reciprocal of the prices of bonds has not quite the same trend as the interest yield on bonds, yet it has almost the same trend. So the trend of the prices of bonds, fluctuating reciprocally with the interest rate, shows very great changes in the cost of borrowed money. In 1921 the average price of 40 bonds was 87 (price in 1919 was 100 as a base) but in 1922 the price had risen to 107, a rise of 24 per cent, and the reciprocal fell 19 per cent.¹³ In New York City, as Table II shows, the ratio of gross income (of national banks) to earning assets fell 22 per cent and in Chicago this ratio fell 18 per cent. Apparently, then, the cost of interest on long-time money fell about 20 per cent, or a little more in one year, 1921 to 1922. Similarly the cost of interest, as measured by the reciprocal of the price of bonds, rose about 16 per cent, from the average for 1919 to the average for 1920. The yield on municipal bonds rose 13 per cent from 1919 to 1920, and 25 per cent from 1916 to 1921. The yield in 1921 was in excess of that in 1922 by 20 per cent.¹⁴

The rise in interest cost may be seen in the interest rate on new securities. The interest rate on new securities in 1920 was 15 per cent above the interest rate in 1919 and 43 per cent above that in 1916. The interest rate on new railway securities in 1920 was 15 per cent above that in 1919 and was 44 per cent above that in 1916. Similarly, the rates were higher on municipal and public utility securities than in previous years. The same was true of preferred stock.

In the depression of 1893-94 the point of high yield on 10 railroad bonds was in excess of the low point by 12 per cent. In 1903-05 the high point was in excess of the low point by 7 per cent, and in 1919-20 the high point was in excess by 17 per cent. The fall from the high percentage of yield on ten railroad bonds, May, 1920, when the yield was 5.665 per cent, to September, 1922, when it was 4.46 per cent, was 21 per cent. Since these bonds represent pretty secure investments, it would seem that these data also show a great fluctuation in interest cost, amounting in the depression of 1920-22 to about 20 per cent. It is evident that the fluctuation in interest cost on long-time money is not an insignificant factor in the financing of industry.¹⁵ In fact, finances are planned in light of the cycle of interest rates.

Interest Cost Relative to Net Sales

The interest cost of doing business may be measured in relation to net sales, as Table III shows. The data for this table were prepared by the Harvard Bureau of Business Research. It is evident from

¹³*Survey of Current Business*, op. cit., p. 3.

¹⁴Alvord, *Management's Handbook*, p. 67.

¹⁵Vanderblue, *Problems in Business Economics*, 76-79.

this table that the interest cost in 1921 was considerably greater than in 1919. For instance, in the retail jewelry trade the percentage of interest to net sales increased 52 per cent in these two years, 1919 to 1921, and in the wholesale grocery trade the percentage of interest increased 26 per cent from 1918 to 1921. In the retail shoe industry there was an increase of 7 per cent.

In all three of the lines of merchandising mentioned above—retail jewelry, retail shoe, and wholesale grocery—there was a slowing up of turnover, which would tend to increase interest costs, in relation to sales. But in the retail grocery business, turnover increased greatly 1914 to 1922; nevertheless, interest cost increased 50 per cent. In the retail hardware business turnover increased also, but so did interest cost.¹⁶

TABLE III.—PERCENTAGE RATIO OF INTEREST COST TO NET SALES, 1918-1922, IN DESIGNATED CLASSES OF TRADING FIRMS.¹⁷

Class of firms	1918	1919	1920	1921	1922
Retail grocery	9	1.0			1.2
Retail hardware	3.0	3.3			
Retail shoe		2.9	3.0	3.1	5.9
Retail jewelry		4.6	5.8	7.0	
Department store			2.1	2.3	
Wholesale grocery	1.5	1.6	1.6	1.9	1.7

While the costs for the various lines of businesses referred to above were not for identical stores, year by year, yet there is considerable stability in the number from year to year, so that the figures on interest cost no doubt show the approximate cost of interest in relation to sales. These data show cyclical fluctuation of considerable moment in the cost of interest.

The average net returns on earning assets fluctuate; the returns at individual banks fluctuate even more; the interest cost varies from industry to industry; interest yield on long-time investments fluctuates; the fluctuation varies from region to region. Besides, the rates charged to individual firms and businesses vary, due to differences in risks incurred by the bank. No doubt, the financial position of that large proportion of firms which seldom show a strong position, fluctuates more than the financial position of stronger concerns. A large portion of interest is payment for *risk*, in addition to the payment for the *use* of funds. Since this risk element fluctuates with the changes in financial position incident to the business cycle, the interest paid by a

¹⁶Converse, *Marketing Methods and Policies*, p. 350; Copeland, *Problems in Marketing*, 790-797.

¹⁷Converse, *Marketing Methods and Policies*, p. 350.

large proportion of firms, (which bear the maximum risks) fluctuates. This interest fluctuates even more than the interest charged stronger firms. This fluctuation, greater than the average fluctuation, resulting in rapid changes in cost of interest, may have a great effect on the business outlook for these firms.

Whether these large fluctuations in interest cost are really significant depends on whether interest cost is an appreciable part of the total cost of doing business.

Importance of Interest as a Cost

The average weighted interest cost of several hundred retail stores, over a period of years 1914 to 1922, was 2.38 per cent of net sales. For a large number of wholesale stores the interest cost was 1.75 per cent of net sales. In 1918 notes payable of 57 large industrial corporations comprised 4.46 per cent of their total assets, and comprised

TABLE IV.—PERCENTAGE RATIO OF INTEREST COST TO OTHER EXPENSES, 1918-22,
IN DESIGNATED CLASSES OF TRADING FIRMS.¹⁸

Class of firms	1918	1919	1920	1921	1922
General store.....	16.5				
Retail grocers.....	6.8	7.4			7.1
" hardware.....	17.4	19.1			
Implements and lumber.....	13.4				
Retail shoes.....		13.8	13.0	12.5	
" drugs.....		12.7			19.2
" jewelry.....		14.2	20.6	19.2	17.3
Department store.....			8.9	9.0	
Wholesale grocers.....	19.7	21.3	21.6	19.8	18.0

6 per cent of the stockholders' equities. Bonds and mortgages payable amounted to 10.8 per cent of assets, and no doubt banks held a large part of these payables. In other words, these concerns were borrowing from banks probably as much as 10 or 15 per cent of their total capital. Public utility central electric stations borrowed much more heavily. In 1919 interest cost of all kinds of manufacturing concerns was .9 per cent of gross income. This interest cost was 14 per cent more than the domestic taxes paid by the manufacturing concerns, and was 57.5 per cent of the compensation paid to the officials of these concerns. In trading concerns 1 per cent of the gross income went to pay interest cost. In agriculture and related industries it was 54 per cent of net profit, and in mining and quarrying was 45 per cent.¹⁹

¹⁸Converse, *Marketing Methods and Policies*, p. 350.

¹⁹Converse, *Marketing Methods and Policies*, pp. 349-50; Lincoln, *Applied Business Finance*, pp. 288, 388, 347.

The importance of interest cost seems even greater if we consider it in relation to other expenses. Table IV shows the percentage ratio of interest cost to other expenses. This table shows that in these classes of stores the interest cost ranges from 7 per cent to 22 per cent of other expenses, or an average of 14.7 per cent of other expenses.

One way to measure the importance of interest is to compare it with the net profits remaining after interest is paid. The net income of a business (depending upon the definition of net income) may include the return on two classes of equities,—namely, ownership and creditorship. Interest goes to certain classes of creditors, and profit to the owners. If there is fluctuation in net income, interest remaining the same, such fluctuation would be shown in the profit. Increase in interest rate would take another part of net income.

Table V shows the relationship between interest cost and profits in seven different classes of trading concerns. Interest is shown as a percentage of profit. In 1918 interest was 57 per cent of profit, in 1919 it was 55.5 per cent of profit, and in 1920 it was 208 per cent of profit. In 1921, in two out of three classes of trades for which data are available, net income was not sufficient even to pay interest, and in the third class interest was 225 per cent of profit. In 1922 in the one class of firms for which data are available, interest was 340 per cent of profit. It is evident that interest cost as compared to profit became a very significant cost in the depression of 1920-22. *No doubt the owners considered interest cost as a significant factor in the cycle.*

TABLE V.—PERCENTAGE RATIO OF INTEREST COST TO NET PROFIT (INTEREST DEDUCTED) 1918-22, FOR DESIGNATED CLASSES OF TRADING FIRMS

Class of firms	1918	1919	1920	1921	1922
Wholesale grocers.....	83	84	320	See (1) below	340
Retail " hardware.....	39	50			
" shoes.....	50	57			
" drugs.....		33	250		
" jewelry.....		49			
		60	145	See (2) below	
Department stores.....			117	225	

(1) Net loss (interest deducted from profit) of 1.9 per cent of net sales.
(2) " " " " " " " 6.7 " " " " " "

While there are several reasons why net profits may decline as prosperity increases toward the peak of the cycle, undoubtedly increasing interest cost is one of the causes. Interest rates increase slowly at first; and, later, as reserves are depleted somewhat more, the rates rise faster. The increasing cost, partly due to rise in interest rates,

results in narrower margins of profit and lower margins of safety for loans. Such decrease in profits increases the hazards **incident to loans**, and this increase in hazard raises the rates on money even higher. *Thus, rising interest rates tend to cause themselves to rise even higher.* This process soon results in a policy of caution on the part of creditors and economy on the part of borrowers. Thus a new stage of the cycle has set in. Long before the peak of interest rates has been reached, rising interest rates have been affecting business policies; and probably most policies are adapted to stormy weather before the interest rate reaches the top of the cycle.

It should be added that the rising cost of call loans and commercial paper interest have great indirect effects upon business. These rates have come to be regarded as indicators of certain changes in business conditions. While it is true that business is hesitant about going ahead when interest rates are low, it is true, nevertheless, that a lower interest rate is conducive to renewed business activity, especially speculative activity.²⁰ It is true also that interest rates remain up after prices have started down, for two reasons: first, because narrower margins of profit make loans more hazardous to creditors; second, margins of reserves in banks remain low until after declining prices and loans at banks have proceeded for some time. In 1920-21 loans and rediscounts increased after the price level started down, but deposits remained high longer than did loans and rediscounts.²¹ Naturally, interest rates remain up until after the price level is deflated and business takes a slower pace. *The fact that interest rates continue high or even rise farther after the pace of business is retarded is not proof that the earlier rise of interest was not a significant factor in the business cycle.* Undoubtedly, the rise of interest rates does affect profits, and thus ultimately tends to slow up business activity. And the continuing high cost of interest after business has slowed up tends to make business adjust itself to a slower pace.

Conclusions

The data, then, seem to warrant the following conclusions. Interest cost follows a definite cyclical trend of considerable proportion, amounting sometimes to a rise or fall of 50 per cent. This trend is evidenced by the gross earnings of banks in relation to earning assets, by the yield on bonds, and by the interest cost in relation to net sales. Interest cost is an important part of the total cost of doing business. Its importance has been measured in terms of total cost of operation, in terms of net income, and by its indirect effects on business.

²⁰Vanderblue, *op. cit.* p. 35.

²¹W. F. Mitchell, *The Uses of Bank Funds*, pp. 67-76.

Since interest cost is an important cost, and fluctuates in large proportions in accordance with cyclical data, it enters into considerations of business policy. As it increases, it comes to be a major factor in determining the policies of lenders and borrowers, and thus aids in bringing on a new stage of the business cycle. This is true for the bulk of loans, bank loans as well as long-time loans; and thus there seems not to be sufficient warrant for the conclusion that the great bulk of loans are put out at rates of interest which vary only "slowly over a series of years and show little of the cyclical type of fluctuation."

It would seem that the claims of economists that the trend of interest rates not only indicates business conditions but also acts as a causal factor of prime importance in the business cycle, are sound. As a causal factor, interest cost materially affects production, construction, earnings, security and commodity prices, and gold movements. At the same time it is also affected by these factors. Interest cost is thus one of the fundamental and primary elements in the business cycle.

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PUBLIC UTILITY RATE MAKING IN NEW JERSEY

An adequate treatment of rate making calls for an extended consideration of a number of elements. Ordinarily, the New Jersey Public Utility Commission bases rates largely on the cost of the service rendered. In accordance with court decisions, however, a schedule based on the cost of the service is frequently modified because of inadequacies of service, or by reason of the fact that the cost of the service exceeds the value of the service to the individual.¹ Since the cost of the service is ordinarily the basis for utility rate making, it is important that the cost thus found, not only for the plant as a whole, but also for each branch and class of the service, should be a fair cost. The rates charged for utility service may vitally affect not only the social income and its distribution, but the industrial and commercial development of entire communities, and the conditions under which individual enterprises are carried on. Unless such rates are fair and equitable, it is almost certain that some plants will earn more and others less than they are entitled to earn. Again, some consumers will be required to bear more than a fair share of the total cost, while others are charged less. Such inequalities will enable some customers to succeed at the expense and ruin of others.²

The work involved in the making of reasonable utility rates consists largely in determining the fair total cost of the service, and what proportion of the cost should be borne by each of the different branches of the service and by the different classes of consumers or individual consumers in each of these branches. Rates must be scientifically adjusted so that each consumer pays for the cost of the service.³

They must also be high enough to attract capital legitimately into the enterprise, and be low enough to yield only reasonable profits above interest and depreciation upon a fair value of the property devoted to public service. Rates that are too low will eventually result in poor service, the hampering of development, and sometimes a discontinuance of the service. To determine these rates requires the fullest information as to the fair value of the property and the business that is employed in serving the public, a classification of the items of expense, and a just apportionment of these items among the respective departments rendering service. It takes into account depreciation,

¹John P. Petty, deputy chief engineer of the Utilities Division of the Commission. A discussion, of the principles adhered to by the Commission in utility rate making, prepared at the request of the writer.

²Halford Erickson, "Electric Lighting and Power Rates," *Annals of the American Academy of Political and Social Science*, Vol. LIII-IV, May, 1914, p. 289.

³Ibid., p. 238.

interest on investment and profit, and the character of the service rendered.⁴

The processes followed in determining the rates for each class of utility are similar. The fair value of the property used and useful in rendering the service is first ascertained. While courts have held that the fair value of the property must be ascertained at the time of the inquiry, this value is not necessarily synonymous with the cost to reproduce the property at current unit prices.⁵ It is largely determined from those facts which show the original cost and the cost of reproducing the property and business, both new and in their existing condition.⁶ A fair rate of return on the fair value of the property is fixed.⁷ This rate is mostly found from facts which indicate the rate at which the capital and the business ability can be had for the utility in question, and for other enterprises where conditions are similar. The condition of the investment market in general and other facts of this nature are likewise considered. The total amount of return is found by applying the fair rate of return to the fair value referred to. To the amount of return are added operating expenses, under efficient and economical management, taxes, and an allowance for uncollectible bills. Depreciation is also included in operating expenses, and is usually found from the cost of and the length of the useful life of the property actually involved, as well as from the total cost and composite life of the plant as a whole. The sum of these items constitutes the basis of the cost of service.⁸ From the total operating revenue the Commission deducts miscellaneous revenue. The remainder represents revenue to be derived from the proper service of the utility. A schedule of rates is then calculated which is estimated to produce the total operating revenue. If the service is adequate and the individual rates do not exceed the value of the service, the schedule of rates so calculated is usually fixed by the Commission and made effective by order; or the utility is permitted to file the rates.⁹

In dealing with rate making, a further analysis is necessary to show the nature of the operating expenses. All expenses in utility rate making fall under three general heads according to the cost of the service principle as practiced by the New Jersey Commission, viz.,

⁴See "Schedule of Rates, Hackensack Water Co., 1917," vol. V, *Report of the Board of Public Utility Commissioners of New Jersey*, p. 176. (Hereafter designated as *N. J. P. U. C. R.*).

⁵Petty, *op. cit.*, p. 1.

⁶Erickson, *op. cit.*, pp. 288-39.

⁷Petty, p. 1.

⁸Petty, p. 1.

⁹*Ibid.*, p. 2, *et seq.*

demand or capacity costs, customers' or consumers' costs, and proportional or output costs.¹⁹

Demand or capacity costs arise by reason of the fact that the individual consumers may make a certain demand on the facilities of the utility.²⁰ Some experts claim that the total demand cost of the utility is represented by the costs which accrue from the plant ready to give service but rendering no service. The unit of demand made by each consumer is ascertained; and the sum total of such demand units divided into the total demand cost will show the cost per demand or capacity unit.

Customer or consumer costs include those elements which vary largely in proportion to the number of consumers attached to the system. They include such items as the cost of the individual service line, meter, reading meter, billing, and general commercial expense, etc. Where substantially all the consumers are served with a meter or similar device of approximately the same average size or capacity, the total number of consumers divided into the total consumer cost will give the unit customer cost.

Proportional or output costs are the remaining expense of rendering the service, after separating the demand and customer costs. These expenses relate to the cost of the product or service rendered. This total cost divided by the number of units will give the cost per unit. Where there is a mixed type of service, such as that afforded by an electric light and power company, a block schedule may be derived by reason of the fact that if all customers were wholesale consumers a much larger type of electric generator would be used. This would result in very much lower costs per kilowatt hour or unit for the sale of electricity.²¹

These three costs constitute what the Commission calls the three-part rate schedule. It is often inconvenient to use such a schedule; and these costs are combined in various ways so that a simplified schedule results. Ordinarily demand and consumer costs are combined and termed *fixed costs*.²² After these three costs have been ascertained,

¹⁹Cases following the apportionment of demand, consumer and output expenses: "Schedule of Rates, Hackensack Water Co., 1917," 5 N. J. P. U. C. R., 176; "In re Rates, Delaware River Water Co., 1915," 4 N. J. P. U. C. R., 490; "Increased Rates, Mount Holly Water Co., 1919," 7 N. J. P. U. C. R., 64; "Increase in Rates, Commonwealth Water Co., 1921," 9 N. J. P. U. C. R., 423; "In re Minimum Charge Wildwood, Anglesia and Holly Beach Gas Co., 1914," 3 N. J. P. U. C. R., 288; "Increased Rates, Cumberland County Gas Co., 1918," 6 N. J. P. U. C. R., 791; "Increased Rates, Lakewood Gas Co., 1918," 6 N. J. P. U. C. R., 911; "Increase in Rates, Washington Electric Co., 1918," 6 N. J. P. U. C. R., 317; "Increased Rates, Bridgeton Electric Co., 1919," 7 N. J. P. U. C. R., 181; *et al.*

²⁰Petty, p. 3, *et seq.*

²¹For a typical illustration of the combination of both costs into a fixed charge see: "Hackensack Water Co., 1917," 5 N. J. P. U. C. R., 176, *op. cit.*

the items are allocated among the different departments of the service and distributed over the different classes of consumers. To obtain these results an analysis must be made of a number of accounts and a mass of data. For example, in practically every water utility two distinct services are rendered: (1) The supplying of large quantities of water, usually under high pressure, for relatively short periods of time for fire protection. This is a public use. (2) The supplying of water at all times for domestic, commercial and industrial uses. This is a private use.¹³

Until scientific investigations are made, the general opinion was prevalent, especially where municipal plants were operated, that the commercial and industrial revenues should pay the entire cost of operating the plant. Plants privately owned, and operating under a franchise, seemed to incline toward this position. Even today there appears to be a wide difference of opinion among engineering authorities as to what proportion of the total expense should be borne by each class of consumers. Some contend that the fire service should pay interest only on the excess investment above what would be required of a plant to render general service. Others claim that the plants are more frequently designed for fire protection and that the serving of private users is incidental. The Commission in its decisions considers that both branches are coördinate. The question of the cost of fire service, the Commission maintains, requires a fair and just distribution of the total expenses of the plant between the public and the customer. If the amount paid for fire service is too low, the water consumer bears a part of the burden which should be properly borne by the taxpayer. The entire community derives a benefit from adequate fire protection; and the cost of this protection should, therefore, be borne by the public.¹⁴ Each of these branches of service should bear the burden of interest, depreciation, profits, repairs, maintenance, and taxes, according to the apportionment of the existing plant based on the relative cost of the separate systems.¹⁵

¹³For allocation of expenses between the two separate branches of service see: "In re Rates, Bound Brook Water Co., 1915," 4 N. J. P. U. C. R., 81; "Increased Rates, Westville & Newbold Water Co., 1918," 6 N. J. P. U. C. R., 439; "Increase in Rates, Atlantic County Water Co. of N. J., 1919," 7 N. J. P. U. C. R., 126; "Increased Rates, Mt. Holly Water Co., 1919," 7 N. J. P. U. C. R., 64; "Increase in Rates, Merchantville Water Co., 1919," 7 N. J. P. U. C. R., 148; "Increase in Rates, Commonwealth Water Co., 1921," 9 N. J. P. U. C. R., 423; "Increase in Rates, Delaware River Water Co., 1921," 9 N. J. P. U. C. R., 298; Rates, Flemington Water Co., 1922," 10 N. J. P. U. C. R., 253; *et al.*

¹⁴"Hackensack Water Co.," *op. cit.*, p. 176.

¹⁵Leading cases dealing with the apportionment of investment between public and private use: "Increase in Rates, Mt. Holly Water Co., 1919," 7 N. J. P. U. C. R., 64; "Increase in Rates, Atlantic County Water Co. of N. J., 1919," 7 N. J. P. U. C. R., 126; "Increase in Rates, Commonwealth Water Co., 1921," 9 N. J. P. U. C. R., 423; "Increase in Rates, Delaware River Water Co., 1921," 9 N. J. P. U. C. R., 298.

The ultimate proportion of the total investment and the maintenance necessary for the public service may vary somewhat, depending upon local conditions. A water supply system, for example, delivering water by gravity from a large reservoir will have only a portion of the reservoir and distribution mains chargeable to fire protection. A direct pressure pumping system, on the other hand, will have a portion of all parts of the system utilized for fire protection alone, and this element of service may cause a greater expense than the actual water consumed. Again it is obvious that a large system need be extended only moderately to provide additional water and distribution facilities for fire service, while a small system must be heavily reinforced for this purpose. A careful investigation on the part of the Commission has shown that the total investment usually involved in fire protection service warrants a revenue ranging in amount from 12 per cent of the total revenue in large plants to 50 per cent of the total revenue in small plants.¹⁶

The demand which the plant must be able to meet at any time, the amount of water furnished to consumers, and the number of consumers supplied, obviously influence the operating expenses of the plant. The classification of the operating expenses depends in a large measure upon the nature of the different expense items. Not all expenses depend entirely upon the amount of water pumped. A decrease in the amount of output will not necessarily reduce the expense of operation by a corresponding ratio. The cost of service includes not only the cost of the water actually consumed on the premises, but also a large demand or "readiness to serve" charge, which results from keeping the plant ready to serve such maximum demand as may be made upon it at any time.¹⁷

The extra cost of furnishing fire protection is due to the increased pumping capacity, the increase in size of mains and reservoirs, the cost of hydrants, and the increased pressure required to furnish this additional service.¹⁸ The share of the consumer costs applicable to fire service is small, as it consists of little more than looking after hydrants. A relatively small amount of the water pumped is used for fire protection; and it follows, therefore, that only a small proportion of the total expense should be borne by the fire protection service. An analysis made by the Wisconsin Commission, for example, shows that only from 1 to 2 per cent of the total amount of water pumped is used for fire service.¹⁹ The big expense element is the demand charge. The

¹⁶"Rates, Flemington Water Co., 1922," 10 N. J. P. U. C. R., 253.

¹⁷G. W. Fuller, "Elements to be Considered in Fixing Water Rates," *Annals of American Academy of Political and Social Science*, vol. LIII-IV, May 1914, p. 253.

¹⁸"Hackensack Water Co.," *op. cit.*, p. 211.

¹⁹"City of Beloit v. Beloit W. G. & Electric Co., 1911," *Wisconsin Railroad Commission Report*, p. 841.

plant must be held in readiness to serve in case of emergency, even though little water is ordinarily consumed for this purpose.²⁶

The accepted basis of apportionment for the output expenses is the actual consumption of water for municipal and private purposes. The fire service charges and private fixed service charges are both deducted from the gross revenue. The result is the revenue to be derived from the output service charge. If this amount is divided by the gross quantity of water supplied, the average output charge per thousand cubic feet of water furnished is obtained.²⁷ The capacity or demand cost is divided between the two branches of service on the basis of the proportion of the investment required to meet the demands for each service.²⁸

For example, in a typical water plant the fire demand may be 1400 gallons per minute while the demand for industrial and domestic service may reach 1200 gallons per minute. On the basis of these demands, 53.8 per cent of the capacity part of the operating expense should be apportioned to fire and 46.2 per cent to general service. The consumer expenses are allotted generally on the basis of the number of customers. These costs result directly from the service rendered to the consumer. Such costs ordinarily would not accrue if the plant in its entirety existed without customers.²⁹ Thus, when the cost of the service has been ascertained, this expense is allocated among demand, consumer, and output costs; and these three classes of expenses are apportioned between the two branches of the service so that each person will pay his just share toward the revenue required to operate the utility. Where water plants are municipally owned, the formation of schedules is comparatively simple. For such cases the conclusion usually reached by the Commission is that the cost of the fire service should be treated as a whole, regardless of the number of hydrants or miles of mains, and that it should be charged to the municipality in a lump sum.³⁰

In private water rates, demand and customer expenses are usually treated as fixed charges by the Commission. This suggests a schedule of water service furnished to domestic and industrial users that is composed of a fixed service charge including demand and consumer expenses, plus a meter charge, based on the number of thousand gallons of water used. The meter charge is found by dividing the total output expenses with the number of units of water sold. The Commission in most cases follows the rule of adopting meter charges that decrease in amount with each successive increase in the amount of

²⁶"Hackensack Water Co.," *op. cit.*, p. 211.

²⁷"Hackensack Water Co.," p. 211.

²⁸*Cf. "Increase in Rates, Atlantic County Water Company of New Jersey,"* 7 N. J. P. U. C. R., 126.

²⁹"Hackensack Water Co.," p. 213.

³⁰See "Rates, General Supply Co., 1922," 10 N. J. P. U. C. R., 512.

water used.⁵ The graduation is ordinarily known as the cost method of rate making, and provides that each consumer pays, as nearly as it is practicable, the cost of the service he obtains. It is a rather tedious process of calculation to arrive at the results; but fairness to the consumers would seem to justify the labor.

Practically the same principles in the division of fixed and variable expenses, and the classification of items of cost, are used by the Commission in making rates for the sale of electricity and gas.⁶ The fixed expenses in electric plants are high. The plant investment is usually several times greater than the annual gross earnings. Electricity cannot be stored for long periods and sold as are manufactured goods. This entails a heavy expense.⁷ To furnish adequate service, an electric lighting enterprise must be able to furnish a maximum demand instantaneously. Obviously, this renders the cost per unit higher than if there was a constant demand. In other words, the demand that may be made upon the plant at any time determines the amount of investment necessary to continue the enterprise consistent with efficient and satisfactory service. As electricity is largely used for lighting, the greatest demand on the plant is in the evening. This maximum demand may not last long; but the plant must nevertheless be large enough to meet it.⁸ The demand also varies with the seasons, being much greater during the winter than during the summer months. As a result of this variation in demand, a greater part of the time as much as, and even more than, 80 per cent of the capacity of most electric plants remains idle.⁹ It is decidedly an industry furnishing service at decreasing costs. As much as two-thirds or more of the total expenses of the service, when fixed charges are included, are frequently independent of the amount of current or energy generated, and are approximately as great when the output of current is smaller as when it is greater. Obviously, the greater the amount of current that can be sold, up to the point where the full capacity of the plant is constantly utilized, the better is the load factor and the lower will be the cost per unit of current.¹⁰

⁵Cases illustrating the meter charge: "Increase in Rates, Mount Holly Water Co., 1919," 7 *N. J. P. U. C. R.*, 64; "Increase in Rates, Merchantville Water Co., 1919," 7 *N. J. P. U. C. R.*, 148; "Increase in Rates, Atlantic County Water Co., of New Jersey, 1919," 7 *N. J. P. U. C. R.*, 126; "Somerville Water Co., Increase in Water Rates, 1921," 9 *N. J. P. U. C. R.*, 412; "Schedule of Rates, Hackensack Water Co., 1917," *op. cit.*, 176; "Rates, Increase in, Commonwealth Water Co., 1921," 9 *N. J. P. U. C. R.*, 423; "Rates Glassboro Water Co., 1922," 10 *N. J. P. U. C. R.*, 114, *et al.*

⁶See "Increase in Rates, Washington Electric Co., 1918," 6 *N. J. P. U. C. R.*, 317.

⁷For high operating expenses in relation to value of plant see "Increased Rates, Atlantic Coast Electric Light Co., 1918," 6 *N. J. P. U. C. R.*, 382.

⁸Erickson, *op. cit.*, p. 239.

⁹*Ibid.*, pp. 240-41.

¹⁰Leading cases following the apportionment of electric expenses: "Increase in

The cost of supplying gas and electricity is divided between fixed and variable expenses, which corresponds in manner to the analysis made of water plants.²³ The former depends upon the capacity or the maximum demand, and the latter on the amount of output. The relation of these expenses to each other depends in a large measure upon the management of the plant and local conditions. The rates fixed by the Commission are ascertained by computing a fixed charge based upon the consumers' demand and a variable charge per unit of electricity used. In order to illustrate the principle underlying electric rates, let us assume a plant that has a capacity of 300 kilowatts; that has an average daily use of current of about 5 hours; that has an operating expense, including taxes and interest on the investment, of \$20,000 per year, of which 60 per cent is covered by the fixed and 40 per cent by the variable expenses; and that has a demand which about equals its capacity.

The fixed expenses, on the basis stated, would amount, therefore, to \$12,000 for the year, or \$40 per kilowatt demand per year. This expense remains the same whether the plant is in operation, one, two, or three hours daily or the whole day. If this is the case, it must naturally follow that the fixed cost per kilowatt hour decreases with the increase in the output. If the plant were operated only one hour each day, for example, it would be operated 365 hours per year; and the fixed cost per kilowatt hour of output would be 11 cents. If the plant were operated two hours each day the output would be doubled; and the fixed charge per kilowatt hour would be one-half.

THE FIXED COST PER KILOWATT HOUR PER CUSTOMER WOULD BE:

11.00 cts.	when the plant is in operation 1 hour daily	
5.50 "	" " " " " 2 hours "	
3.65 "	" " " " " 3 " "	
2.20 "	" " " " " 5 " "	
1.10 "	" " " " " 10 " "	

The variable expenses, according to the assumption made, amount to \$8,000 a year when the plant is in full operation 5 hours a day. This means a variable cost of 1.46 cents per kilowatt hour ($\$8,000 \div (365 \times 300 \times 5) = 1.46$ cents). This cost varies in exact proportion to the increase or decrease in number of kilowatt hours generated. The total cost of current, as stated, is thus made up of a fixed and

Rates, Monmouth Lighting Co., 1918," 6 *N. J. P. U. C. R.*, 523; "Increase in Rates, Washington Electric Co., 1918," 6 *N. J. P. U. C. R.*, 317; "Increased Rates, Bridgeport Electric Co., 1919," 7 *N. J. P. U. C. R.*, 181.

²³Cf. "Atlantic Coast Electric Light Co.," *op. cit.*, p. 382.

variable expense. When the fixed and variable costs are added together, it is found that the totals of both per kilowatt hours are:

Fixed	Variable	Total	cts. per k. w. hour when plant is in operation 1 hr. daily
11.00	+1.46	= 12.46	
5.50	+1.46	= 6.96	" " " " "
2.66	+1.46	= 5.12	" " " " "
2.20	+1.46	= 3.66	" " " " "
1.10	+1.46	= 2.56	" " " " "

This illustrates the fallacy of flat or uniform rates per lamp, or kilowatt hour. It indicates that the consumer, with a larger demand, who uses his installation only a short time each day, should not be given the same rate as the person with a smaller demand, who uses his installation a much longer time. A consumer having an installation and a demand of two kilowatts and using his current only one hour per day, consumes no more current than the man who has an installation and demand of one kilowatt, but who uses his current two hours; yet the investment of the former is twice as great as that of the latter. Under such circumstances it is manifestly clear that the same rate per kilowatt hour for both cannot be just or fair. As shown by the above table the cost per kilowatt hour for the first consumer is 12.46 cents and for the second 6.96 cents.²⁷

The cost of the service principle in rate making illustrates the manner in which the costs decline with an increase of business. Perhaps 60 per cent of the total expenses of the service, including fixed charges, are independent of the amount of current generated and sold. The larger the output up to the point where the full capacity of the plant is utilized, the lower will be the cost per unit of current. A rate schedule based on the cost of the service principle results in higher average rates per kilowatt hour for the short-hour user than for the long-time consumer. Residences are usually short-hour users while power customers as a rule are long-hour consumers. Decisions worked out on this basis by the Commission show the wide difference in rates possible under this scheme that cannot be considered as unjustly discriminatory. Rates are so adjusted that the greater the

²⁷This principle in the main is embodied in the rates fixed by the Commission in the following cases: "Increased Rates, Bridgeton Electric Co., 1919," 7 N. J. P. U. C. R., 181; "Alteration of Rates, Boontown Electric Co., 1919," 7 N. J. P. U. C. R., 351; "Increase in Rates, Washington Electric Co., 1918," 6 N. J. P. U. C. R., 317; "Increase in Rates, Toms River Electric Co., 1918," 6 N. J. P. U. C. R., 323; "Increase in Power Rates, Monmouth Lighting Co., 1918," 6 N. J. P. U. C. R., 523 *et al.*

amount of kilowatt hours consumed, the lower will be the rate per kilowatt.²³

In analyzing the expenses and the operating conditions of public utilities, it is obvious that certain items as fixed charges and stand-by costs depend upon the capacity of the plant, which in turn is determined by the joint demand made upon it by customers. Since such is the case, these demand costs should be borne by the consumers in proportion to their demand upon the plant. Other certain expenses depend upon the consumer and are practically as great for small as for large consumers.²⁴ These charges are much more closely related to the number of customers than kilowatt hours and should be borne in proportion to the number of customers. Output costs, however, depend on kilowatt hours used and should be distributed on that basis.²⁵ There is in the case of all utilities, a considerable proportion of items which depends directly upon each branch of the service and upon each class of customers. Such items can be classified directly under the branch of service and under that class for which they were incurred. A considerable number of expense items, however, are common to two or more classes and two or more branches of service which can be apportioned either to closely related units or direct expenses. The cost basis of rate making is elastic enough to be adjusted to the various conditions that arise in this field.²⁶ Under it consideration can be given to the long-hour user who, in addition, is also an off-peak user; to the long-hour user whose use also extends into the peak hours; to the short-hour but off-peak user; to the short-hour user whose use comes during the peak hours; and to almost all other conditions that may arise.²⁷

A large proportion of the expenses are fixed in supplying electric service; and thus the industry is subject to the economies of large-scale production. If, for example, a certain charge is made per kilowatt hour for street lighting from 6 o'clock to midnight, and the service is continued all night, the question immediately arises as to what the charge should be for this additional service. Under a uniform rate, the charge per kilowatt hour for all additional current would be the same as the former rate. This, however, would be too high because the increased service would not cause a proportional increase in the expense. Under the cost basis the only additional charge brought about would be one sufficient to cover the increased expense. If the lights were utilized all night the amount of current needed would be

²³*Of. "Alteration of Rates, Boontown Electric Co., 1919," 7 N. J. P. U. C. R., 351; "Increased Rates, Bridgeton Electric Co., 1919," 7 N. J. P. U. C. R., 181.*

²⁴Expenses such as keeping customers' records, collecting the bills, and other items of this nature depend upon the consumer.

²⁵Erickson, *op. cit.*, p. 244.

²⁶*Ibid.*, p. 245.

²⁷*Of. "Alteration of Rates, Boontown Electric Co., 1919," 7 N. J. P. U. C. R., 351.*

doubled, and the output costs would be correspondingly increased,²⁴ while fixed charges would remain the same. Due to the fact, therefore, that approximately two-thirds of the total expenses are fixed regardless of output, the average cost per kilowatt hour would be reduced.

A uniform rate, regardless of all conditions, cannot be charged. Under it the power user would pay the same rate as the lighting consumer; and the long-hour customer would be charged the same rate per unit as the short-hour customer. If all customers were in the same class, if their demand was the same and came at the same time, if they used the same amount of current, if there were no competition and other conditions of this kind to contend with, and if the similarities in the situation under which the services were rendered extended to every condition which affected the price of the current, then a uniform or flat rate for all customers would doubtless be practicable. In actual practice such similarities seldom, if ever, exist. Invariably the demand, the quality of current used, and other conditions, vary, not only among various branches of the service, but also among the different customers or class of customers in each branch.²⁵

If rates were uniform for all branches of service and all classes of customers, the cost for power and long-hour consumers would be so high that the services could not generally be used for industrial and commercial purposes. Manufacturers who are producing for the open market cannot afford to use current for power or other purposes unless it can be obtained at as low a cost as power produced by other means.²⁶ If rates for this service are too high, less current will be used for commercial and industrial purposes. This loss of business means a loss of revenue and ultimately higher rates to the consumer. Since the cost per unit of producing current decreases with an increase in business, such restriction in the output not only reduces the revenue, but it increases the cost per unit. It tends to reduce profits and increases rates to customers. No current should be sold at a loss; but the more that can be sold at a profit the better for all concerned. Business which cannot be had on better terms should be taken even if the revenue it produces only slightly exceeds the additional cost to which the plant is put by taking it on, provided this can be done without unjust discrimination. The amount by which the receipts exceed the out-of-pocket expense may be counted as profits, and aids in meeting the fixed charges of the plant; and by its amount reduces the share that otherwise would have to be borne by the rest of the customers.

²⁴Erickson, p. 245.

²⁵These differences do not only extend to factors which affect the cost to the plant furnishing the service, but they also cover conditions which measure what the customers can afford to pay for it.

²⁶Erickson, p. 246.

Under a uniform or flat rate this business could not be had; and such rates would, therefore, tend to restrict the business of the plant and equipment at the expense of all concerned.⁴

In the operation and management of a public utility there is no feature of greater importance either to the utility or the customers than a properly adjusted rate schedule. Unit costs as those outlined are of great value in building up proper rate schedules for electrical plants. This holds true whether the rate schedules are so constructed as to give separately the demand, customer, and the output charges, or whether the customer and the demand charges are covered by meter rates which decrease in amount with an increase in the daily use of the service.⁵ This analysis shows the necessity of properly allocating the items of expense among the different departments of service and classes of customers, thereby placing all consumers on an equitable footing, and the plants on a sound financial basis.

In the gas industry similar elements of costs are present as in other utilities. The element of demand, however, does not play so important a part in production in the gas business as in most of the other classes of utility service. This is true because the use of large gas holders makes it possible to store gas against the coincident peak demands of the consumers. However, since many of the expenses are found to bear a rather close relation to the number of consumers, a uniform rate even for gas service does not lead to an equitable distribution of the expense burden. The same principle of fixed and variable expenses holds as in the case of electric utilities.

For example, a gas plant is taken whose total annual sales are 80,000,000 cubic feet of gas, and the number of customers 3,500. The annual expenses of conducting the business of this plant, including the fixed charge as well as current operating expenses, are assumed to amount to \$70,000, of which 25 per cent, or \$17,500, is found to bear a close relation to the number of customers supplied, while the remaining 75 per cent, or \$52,500, is more closely related to the actual volume of business. These figures illustrate a typical case as applied to the gas industry.

The number of bills that must be rendered annually at the rate of one per month for each customer is 42,000. Since the consumer expense is largely an expense that all consumers are responsible for and should bear equally according to the cost of service theory, the number of bills may be divided into the expense to ascertain the monthly amount that each customer should pay even when no gas is used. In this case the consumer expense is found to approximately equal 42 cents per consumer per month. The remainder of the expense, which may be

⁴*Ibid.*, p. 247.

⁵Erickson, p. 250.

termed the output cost, is \$52,500; and is equivalent to about 66 cents per 1,000 cubic feet of gas sold. This, therefore, is the amount which each consumer should pay for each 1,000 cubic feet in addition to the consumer or customer costs of 42 cents. Consequently, if a consumer uses 1,000 cubic feet of gas in one month, the total cost of that gas is \$1.08. If, however, he uses 2,000 cubic feet of gas, the cost will be further increased by 66 cents, making a total of \$1.74, or a cost per 1,000 cubic feet of 87 cents. This decreasing cost may be further shown by putting these figures in tabular form:

TABLE OF DECREASING COST OF GAS

Cubic feet per month	Consumer cost	Output cost	Total cost	Total cost per 1,000 cubic feet
1,000	\$.42	\$.66	\$ 1.08	\$ 1.080
2,000 . . . . .	.42	1.32	1.74	.870
3,000 . . . . .	.42	1.98	2.40	.800
4,000 . . . . .	.42	2.64	3.08	.765
5,000 . . . . .	.42	3.30	3.72	.744
10,000 . . . . .	.42	6.60	7.02	.702
25,000 . . . . .	.42	16.50	16.92	.677
50,000 . . . . .	.42	33.00	33.42	.668

A block schedule of rates may now be fixed and charges made to conform to a reasonable degree with the variation of cost as shown by the above table. As in the case of electric utilities the rate schedule will be affected by many influences; but the cost analysis is the basis upon which the schedule will be constructed.

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PROGRESS AND PROBLEMS OF AUSTRALIAN ECONOMICS

The publication of the first number of *The Economic Record*,¹ the journal of the Economic Society of Australia and New Zealand, marks the end of the beginning of the systematic study and teaching of economic science in the Antipodes. For behind this first issue lies the story of ten years' hard work, work which raised economics from being the Cinderella of university curricula to being one of the most popular subjects in the academic field.

Although some Australian universities are nearly three-quarters of a century old, there was no chair in economics in any of them till 1913. In most places the professor of history or philosophy gave one or two lectures a week on economic theory; but, as he was generally overworked in his main subject, he could give little attention to the "side-line." This neglect, which will doubtless seem surprising to American readers, was due to many causes. In the first place, Australian universities were largely modelled on British ideas, especially those of Oxford or Cambridge, or were regarded as technical training grounds for the professions. Hence, since economic science was little taught in Britain till recently, it was not regarded as worthy of attention in Australia. Classics, mathematics, philosophy, literature, and the like were admitted as a matter of course; law, engineering, and medicine had their claim to attention, since it was cheaper to train professional men on the spot than face the cost of sending them half way round the world to Europe. But what claim could economics have, either on the ground of culture and vested interest or on that of utility?

In the second place, all the Australian universities were established by the state or drew a large proportion of their revenue from the public coffers. Private endowments have played a small part in university development in comparison with American conditions; and the revenue from such endowments is less than half the sum granted each year by the state governments. This public money has been granted virtually unconditionally; and governments have made no serious attempt to exercise control over policy and teaching. But the universities have felt that, in view of this dependence on the state, it is best to pursue a policy of extreme caution, and to avoid any action which might lead to charges of political partisanship. Hence, members of faculty are forbidden to become members of political associations, or to stand as candidates at elections. From this caution developed in part the repugnance to undertake the teaching of economics in a land where every political problem was an economic one,

¹*The Economic Record: The Journal of the Economic Society of Australia and New Zealand*, Vol. I, No. 1, 176 pp. Melbourne University Press and Macmillan, Nov., 1925. Price 5 sh. To be published half-yearly.

and every economic issue was the subject of political controversy. One university was once offered the money for a chair in economics, *provided* the person appointed was always Australian born and a protectionist. The offer was declined; and that university felt strengthened in the belief that economics was in the very nature of itself a breeding-ground of controversies best left alone by academic bodies.

Finally, large sections of the business community and of the wage-earners were at one with the universities in their indifference towards, or suspicion of, economic studies. Business men might admit that commercial education had its uses, provided there was not too much attention to theory in it; economics to them meant the study of socialism or far-reaching criticisms of the present economic order; and at least one influential business leader opposed the introduction of a course on "advanced economics"—as distinct from elementary economics—because he thought "advanced" meant left-wing. The attitude of class-conscious workingmen was equally hostile; universities were "capitalist institutions," "tools" of the employers' organizations, and therefore any teacher of economics would be bound to justify and glorify the "capitalist system"—or risk the loss of his job.

Even those who belonged neither to right nor left, but were wedded to the cause of slow, steady, social and economic reform, saw in the economist little more than an apostle of *laissez-faire*, an expert whose studies had resulted in the conclusion that all things are impossible. To quote one of the most acute of Australian political and social observers:

Australian democracy has never recognized a science which has formulated exact laws dealing with human wealth and welfare, and which limits the divine right of the democracy to achieve its will. It has never consulted professors of economics as to the possible result of its decrees, nor, when it has passed laws, has it carefully investigated and tabulated the results so as to guide future action. The democratic leaders have listened with impatience to the chorus of *non possumus* which came from the lips of the economists and have disregarded it.²

Enough has been said to show why there was little or no interest in economic science either inside or outside of the universities. Economic literature was little known or read except where it supported a special case. Thus, John Stuart Mill was quoted vigorously by parliamentarians in controversies on fiscal policy, and some of the quotations reproduced in *Hansard* were almost long enough to violate the copyright laws. Henry George was widely read, and the labor movement—insofar as it owed anything to the printed word—was a queer hodge-

²F. W. Eggleston, "The Australian Democracy and Its Economic Problems," in *Economic Journal*, Sept., 1915, p. 346.

potch of Ruskin, Morris, Bellamy's *Looking Backward*, the *Fabian Essays*, George, and small snippets of Marx. But Australia's isolation kept her virtually untouched by the stream of academic and public economic discussion flowing through the northern hemisphere. Her people were folk of instinct and activity rather than of thought, not afraid to experiment; and to those experiments the academic economist made no contribution, either constructive or critical.²

To a large extent these conditions have changed, or begun to change, within the last ten or twelve years. Business men, especially of the younger school, realized the vital need for preparatory study, not merely of the technique of accountancy, but of the wider problems of industry, commerce, and finance. Social reformers, whether labor or anti-labor, began to see that the experiments on which they had so blithely embarked were not working out according to expectation, but that one step led on inexorably to another, with a new problem created as an old one was solved, until eventually one scarcely knew which step to make next or how to make it.

For instance, varied and ambitious schemes of land settlement failed to add any large number to Australia's rural population. Why? The regulation of wages was to give every man a living wage and bring industrial peace. It failed to keep the peace in many big instances; and, when a far-reaching investigation of the cost of maintaining wage-earners at a reasonable standard of comfort was made in 1920, it was discovered that industry could not meet that cost without a drastic reorganization of the whole method of remunerating wage-earners. Labor governments extended the field of state industry in various directions, only to meet frequent failure or to encounter knotty problems of administration, control of labor supply, political influence, technical efficiency, etc. Heavy land taxation, imposed to break up the large estates, fling land into the market, and open the way for closer settlement, brought no large spectacular results. Why? At every point expectation and realization were so far apart. Could those old economist fogies be really right after all when they said that human society and human nature are very complicated things?

The important impetus to the study of economics came finally from without the walls of the universities, in the demand, made chiefly by wage-earners, that the institutions which were so largely maintained by public funds should undertake the work of adult education. All students of recent educational developments will know something about the "alliance between labor and learning" established in Great Britain

²There is no single important scientific study of an Australian economic problem by an Australian writer before about 1914. Most books about the continent were written by partisans or visitors. Academic economics was much better in New Zealand than in Australia.

in the first decade of the present century. By this alliance the Workers' Educational Association set out to stimulate and mobilize the demand of workingmen and women for university education which would be cultural and civic in character, rather than vocational or technical. The British universities then met this demand by supplying tutors and libraries for what were called university tutorial classes, in which the working-class students pledged themselves to study, up to a high university standard, a subject chosen by the class. Since many of the students wished to know more of the economic world in which they were living, there was at first an overwhelming demand for classes in economic history and theory; and the British universities were therefore compelled to appoint many more teachers of economics, some of whom divided their time between intramural teaching and this new form of adult university education. Economic studies in Great Britain have been vastly extended and vitally influenced in character by this development; and any gathering of British economists today would be largely composed of men who have been, or still are, engaged in this new experiment in university work. One need mention only Tawney, Cole, and Clay, as three outstanding names.

The tutorial class idea penetrated Australia in 1913-14, and was accepted, cautiously by the universities, but enthusiastically by a labor movement which had always placed free education from the kindergarten to the university in the forefront of its platform but which had bothered little about the university end of the educational highway. The British experience was repeated on Australian soil. Wage-earners and the lower-paid salariat asked for classes, at first chiefly in economics, though later on other subjects challenged the supremacy of the first love. But there were available scarcely any qualified teachers, no Australian textbooks or body of Australian economic literature. Thanks, however, to government grants for this special new kind of university work, it was possible to appoint teachers, some of whom spent half their time teaching undergraduates; and in two cases they were given professorial rank.

In spite of the vicissitudes of the war years, this adventure in adult education justified itself in Australia as in England, by the demand it created among the general public for education of university standard. Today about 140 classes are engaged in three-year courses of study, of which probably half are dealing with economic and social science. In them are enrolled nearly 6,000 students, drawn from every walk of working life—artisans, unskilled laborers, clerks, agricultural workers, teachers, railroad men, shop assistants, and housewives. Classes are kept small in size—the ideal is a class of about 30 students—in order that all may take a part in the class discussion which is regarded as perhaps the most important method of study. The approach to a

subject is generally academic: a first year class in economics will spend its time digesting such a work as Clay's *Economics for the General Reader*, or make a survey of modern economic history, and then devote the second and third or subsequent years to more detailed study of some part of the field chosen by the class. In this way probably between 15,000 and 20,000 Australians have during the past twelve years been given a guided approach to the study of those economic problems of which Australian life is so full.

The reaction on university work proper has been no less marked. Since teachers were now available, economics appeared more prominently on the university curriculum, and soon rivalled the older subjects in its appeal to students. In some states the newcomer demanded a place in the time-table of the secondary schools; and when that demand was granted, economics and economic history became popular with large numbers of adolescents. In one state, scholars fifteen or sixteen years old made a text by Ely and Wicker and Clive Day's *History of Commerce* the groundwork for two years' study; and in one school, where new educational methods were in favor, the teacher of economic history turned her scholars loose to wrestle with the *Select Documents* edited by Bland, Tawney, and Brown. Curiously enough, teachers used to report that the girl scholars showed chief interest and curiosity in the mysteries of foreign exchange.

Thus, Australia has a growing band of economics teachers engaged in secondary, university, and adult education. Subdivision of the field, such as marks the teaching of the subject in North America, is as yet impossible; and the teacher has still to play the part of economic general practitioner. But at least a vigorous start has been made; and every teacher, finding himself handicapped by the absence of any local studies of economic problems, has had to try to investigate the rich field waiting exploration. Hence, the last few years have seen the beginning of real research into such matters as Australian commerce and finance, price movements, regulation of wages, land settlement, public finance, and the like. This work is as yet tentative and preparatory, for the field is virtually still in a state of nature, and the workers are few; but the wealth of good statistical material and the comparative simplicity of social structure help to make the task less difficult. Further, there is a growing popular recognition that the trained economist may have some valuable contribution to make; for only last year, for the first time in Australian history, an inquiry into the vexed question of the relation between productivity and wages was entrusted to a statistician and two professors of economics.

To coördinate research and publish findings is the task of the new-born Economic Society, founded in 1925. The lusty vigor of the youngster is evidenced by the appearance, last November, of the first

number of *The Economic Record*, a journal of 176 pages, containing seven articles, reviews of thirteen Australian books or official reports, and ten notes on various economic topics. If the Society can produce such a volume every six months it will give those American economists who are interested in Australian social experiments, and those business men who are looking to Australia as a field for markets and investments, a clearer and more dispassionate picture of conditions in the Antipodes than has hitherto been available.

The first number of the *Record* reveals in broad outline the nature of the varied economic problems confronting a large, newly-settled continent, far away from markets and sources of emigrating population, in which dense settlement is limited by climatic conditions to its eastern and southeastern fringe, and as yet sparsely occupied by a people holding very definite opinions concerning the nature of future economic development and the quality of a desirable material standard of living.

To the outside world Australia is a large island awaiting capital and labor for the development of its empty spaces. On its 3,000,000 square miles reside only 6,000,000 people, so there should be still vast areas of fertile land awaiting the pioneer settler. This view is held by many Australians; Belgium, they argue, has 600 people to the square mile, so why should Australia have only two? Australia is as large as the United States, so why should it not carry over 100,000,000 people? Even those who should know better often make these futile comparisons, and many a discussion on "Empire migration" is befogged at the outset by such statistics. The economist and geographer are however engaged in the uncongenial task of suggesting the need for taking stock of the quality of the three million square miles; and where they succeed it is realized that the comparisons have no more value than would one between the United States and the Arctic Zone.

Economically, from the standpoint of close settlement by arable, dairy, and mixed farmers, Australia is one million square miles, not three; from the standpoint of more or less sparse pastoral occupation, perhaps another million square miles could be added, if we include land so scantily watered that it will carry only about 25 or 30 sheep to the square mile. For in Montesquieu's phrase, climate—which means chiefly rainfall, and includes such factors as volume, certainty, season of fall, and amount of evaporation—is "the first empire." And since over one-third of the continent has an average annual rainfall of less than ten inches, since nearly another third has less than twenty inches, or receives its moisture at the wrong season or too fitfully to be a safe home for cultivators; since the absence of large river systems, except that of the Murray, limits the area that can be irrigated, the land fit for closely settled rural occupation comprises roughly only about one-third of the continent.

Once these physiographical obstacles are known, the dream of making Australia as populous as the United States vanishes; but still the progress made in settling and developing the continent seems at first sight too slow. When, however, we compare the actual rate of increase of population with that of other countries which have been building up their population by a combination of natural increase and immigration, we find that in percentages the Australian rate of growth during the last forty years has not been slow. As if in obedience to some inexorable law, the usual growth is just over 2 per cent nearly every year during the whole period of active settlement since the end of the gold rushes in the eighteen-fifties. During the eighties, a boom in public borrowing, railroad construction and immigration sent the rate up to over 3 per cent, but the depression of the nineties brought the figure down below 2 per cent. Better times came about 1908; and from 1911 to 1921 the rate of 2 per cent was re-established, rising to $2\frac{1}{4}$ per cent since 1921. Thus, the experience of the last half-century suggests that this figure of 2 per cent represents the *natural* rate of growth for the country, and that any attempt to accelerate the pace by swelling the flood of immigration would present the continent with more newcomers than it could satisfactorily absorb. If this is so, and the present rate of growth can be maintained, Australia's population will not reach the 10,000,000 mark till about 1951, and, taking 35 years to double itself, would climb slowly to 20,000,000 in 1986. To those who regard an undeveloped Australia as an easy prey to the "Yellow Peril," these dates are cold comfort.*

Further, the Australian rate of increase compares favorably with that of other new countries. If we take the forty years 1881 to 1921, the average annual rate of increase of population was 23 per 1,000 in New Zealand, 22 in Australia, 19 in the United States, and 18 in Canada. If we divide the period into decades, the annual rates for Australia, Canada, and New Zealand are as follows:

RATE OF INCREASE PER 1000 PER ANNUM.

	Australia	New Zealand	Canada
1881-91.....	35	24	11
1891-1901.....	17	22	11
1901-11.....	17	27	30
1911-21.....	20	20	20

New Zealand's growth has been the most steady. Australia's rapid advance between 1881 and 1891 was part of a boom in which the public

*See article by the Commonwealth Statistician (C. H. Wickens) on "The Australian Population, Its Nature and Growth"; also, J. B. Brigden, "The Limits of Australian Immigration"; also, H. Heaton, "The Story of Australian Land Settlement."

debt rose by £90,000,000; 6,000 miles of railway lines were constructed; vast areas of land were alienated; manufactures were encouraged; and new mining fields were exploited. Immigration under such circumstances became much greater; and half the total net immigration into Australia since 1861 took place between 1876 and 1890. But the pace was too quick, and was partly responsible for the lassitude of the next decades. Canada's great period of expansion came after 1900, with the prairie boom; but most Canadians today would agree that it might have been better for Canada to have gone a little more slowly than she did during that hectic decade before the war. Taking the above figures as a whole, it will be seen that Australia's record is far from being comparatively unsatisfactory.

Complacency based on things accomplished is, however, shaken in facing the future. The problem now is not so much whether the 2 per cent increase is enough, but whether it can be maintained in the years ahead. For the known gold fields are nearly exhausted; and the only expansion in mining during recent years has been on the coal areas. Land for new settlement is scarce and costly; for all the good land is already in private hands, and very few big estates fit for closer settlement survive. Water conservation will help a little here and there; new varieties of drought-resisting wheat may push the arable frontier a little further inland; cotton cultivation has come, but it is still too soon to say whether it has come to stay. And whatever the rural population may produce, the home market expands less rapidly than the rural output; so the overseas market becomes increasingly important, and here production costs, transport charges, and the high price of land, place the producer at a possible disadvantage. Unless, therefore, some new important discovery of precious metals is made, or a period of big borrowing is begun, Australia's *tempo* for the next generation will be *adagio* rather than *presto*.

Of all the populations transplanted into new countries during the migrations of the last three centuries, that of Australasia is unique in its racial homogeneity. The mixture of the North American continent finds no counterpart in the Antipodes. The stream of emigrants has flown almost entirely from European ports, and more especially from British ports. With the establishment of the Federal Commonwealth in 1901 the door was bolted against all colored races; but, for at least forty years before the enthronement of this "White Australia Policy," economic, racial, and sentimental forces had been making the entry of non-Europeans increasingly difficult. From the continent of Europe an occasional trickle of Germans, Italians, and Russians had flown uncertainly to Australian shores; and German communities were to be found in two or three states. But the British newcomers were the only ones really welcomed; and when in 1924 there were signs that Italians,

thwarted in their desire to come to the United States, were turning their eyes towards Australia, the Australian government was compelled by popular clamor to discuss with the Italian authorities methods of restricting the volume of the flow.

Australia is thus occupied almost entirely by British-born and Australian-born people. The census of 1921 showed that the latter comprised 84.5 per cent of the population, while 13 per cent were born in the British Isles or New Zealand; in all, over 99 per cent of the people were of European race. This Britishness simplifies many problems—language, education, religion, polities, social outlook, etc.—and there is no need to plan campaigns of “Australianization.” Economically it means that British people have had to do all the hard “pick and shovel” work of the continent themselves, that there is no supply of semi-skilled general labor available, and that even the most dreary and heavy domestic and outdoor work in the tropics has to rest on the shoulders of folk of British origin. It is a moot point whether Australia would have had better and cheaper transportation facilities, and whether she would have developed her tropical and sub-tropical North better if she had been willing to let the colored man and the native of Central or Eastern Europe come and do the hard work. But as Australians look at North America and South Africa they conclude that this economic loss, even if it be admitted, is counterbalanced by social and racial gain.

An analysis of the occupations of the Australian population shows that the continent is no longer merely a sheeprun or wheat field, producing wool and food for the old world and content to let other nations make the manufactured articles it requires. One Australian state adopted an ambitious protective policy in 1865, within a few years of receiving self-government, at a time when its total population was less than 600,000; and when in 1901 the federated states became a free trade unit with a common tariff against the outside world, the total population inside that tariff wall was only about 3,750,000. But various factors combined to wed the country to a policy of high protection in order that something approaching self-sufficiency might be achieved; and Australia today has probably one of the highest and most hole-proof tariffs in the world. A certain self-confidence, based on varied and ample resources, demanded that all possible industries should be set up; defence advocates insisted that the country should be in a position to meet its own requirements if in time of war the British navy was unable to keep the seaways to Australia open; an increasingly Australian-born population tended to put Australia first, felt little attachment except of vague sentiment for Great Britain, and showed still less concern for the welfare of British industries if they flourished by keeping Australian factories from being set up; and the

strong labor movement was willing to raise the tariff higher and higher if thereby it safeguarded and improved the wages and general lot of the employed population. Hence, there is probably no country in which it has been so easy for manufacturers to get old tariff rates increased or new ones imposed.

Thanks in part to this high protection and in part to the natural protection of geographical isolation, Australia has been able to build up a great variety of industries, to pass a growing proportion of her primary products through her own factories, and to oust the foreign product from the most important markets except those for textile fabrics, machinery, and automobiles. As British and American firms jump the tariff wall by establishing factories in Australia, the range of manufacture is extended, and more efficient methods of large-scale production are introduced. In 1924, 430,000 persons were employed in 20,000 factories. The number of factories and employees had increased by nearly one-third since 1918; while during the same period the value of land, buildings, plant, and machinery, the value added to materials in the processes of manufacture, and the wages bill, had nearly doubled.

The industrial progress has accentuated the urbanization of the population and changed the relative importance of the occupational groups. Thus is seen in an analysis of the occupations of breadwinners in 1901 and 1921.

Occupation	Per thousand breadwinners	
	1901	1921
Pastoral.....	68	81
Agricultural.....	169	146
Manufacturing.....	163	191
Transporting.....	75	90
Commercial.....	136	153
Professional.....	68	87
Domestic.....	123	91

Manufactures employ the largest group, a group nearly as large as pastoral and agricultural pursuits combined. Since most manufacturers are concentrated near the six state capital cities, Australia in 1921 had 43 per cent of its total population residing in these six metropolitan areas; ten years earlier the percentage had been 38; and in 1901 it was 35. While this townward drift is usually deplored as an unhealthy sign in a new country, it is doubtful whether any plans could be devised to check it in view of the scarcity of unsettled land, the tariff policy, the insistence on good wages and short hours for factory workers, and the inevitable contrast between the pleasures and conveniences of town life and the isolation and discomforts of "outback." Hence, the conclusion is that the Australian population will probably

grow steadily, and that this will be accompanied by increased diversity of manufactures, and a continued transfer of the balance of economic and political power to the towns. Any extension of rural settlement is impeded by the cost of buying back land now in private hands, the necessary heavy outlay in roads and railways, the need for providing generous credit facilities for newcomers, and the difficulty of securing profitable markets.

On these fundamental matters of rate and direction of growth the writers in *The Economic Record* have much to say; and we see how at various points the methods, structures, and ideas which served their purpose before the war are being found to need reconstruction today. One or two of the outstanding problems are worthy of note.

1. *Banking and currency policy.* For a country which exports about one-third of the total value of its annual production, which imports heavily, which has to wait a long time before the goods it dispatches arrive at their market, and which borrows large sums abroad, the need for efficient methods of settling international indebtedness is urgent. Heavy temporary excesses of exports or imports strain the banking machine, for, in popular language, excessive exports mean that London has a lot of money it owes to Australians and has no means of sending it out, while excessive imports create the embarrassed debtor in Australia.

Such conditions have always been well-known vicissitudes, to deal with which has been one of the chief Australian banking problems. Until just before the war each bank controlled its own note issue; but there was no central bank. In 1910 note issue was made a monopoly of the Treasury; and in the following year the Commonwealth Bank was established by the Federal Parliament, to compete with the existing private banks. The note issue, being solely under the control of a government department, was inflated heavily during the war, but in 1920 was removed from political control and placed in the hands of the Commonwealth Bank, which happily had always been free from political interference. This bank had already won its spurs by acting as the chief financial agent during the war; and eventually the impression gained ground that it should act, not as a competitor of the private banks, but rather as a central institution, controlling the note issue, aiding in the financing of the export trade, and generally giving strength and exercising control over the whole credit policy of the country. Slowly, and in face of some suspicion from private banking interests, the Commonwealth Bank seems to be moving in this direction; it is nibbling at the establishment of a sterling exchange standard by paying out notes to Australian banks in return for gold paid by these banks to its credit in London; it has undertaken short-term rural credit provision for coöperative or quasi-coöperative organizations of

producers,—and its service here will be especially valuable to exporters; and in other ways it is influencing the foreign exchange and credit expansion.

2. *The basis of wage fixing.* The whole wage-regulating machinery of the continent has for over a decade been bond-slave to the cost-of-living index number and the living wage idea. Even before legislation ordered tribunals to fix a living wage, the practice had become strongly entrenched; and everywhere there was general acceptance of the now classic declaration that the basic or living wage should be big enough to satisfy "the normal needs of the average employee, regarded as a human being living in a civilized community" (Judge Higgins). This guiding rule was supported by two others. (1) An industry which cannot afford to pay this living wage had better close its doors, and the community will be well rid of it. The basic wage, in the words of Judge Higgins, "must be sacrosanct." (2) The basic wage is not to be increased on the ground of the affluence of the employer. It is a "fodder" cost price, and varies almost solely with changes in the cost of purchasing a fixed quantity of goods and services. Hence, pleas that higher wage rates should be allowed on the ground of increased productivity or prosperity were nearly always rebuffed, although a scarcity of labor or the strength of the wage-earners in collective bargaining might bring about the payment of rates higher than those fixed by the official award.

The application of these rules raised no serious problems until the depression of 1920. Increased prices sent up the cost-of-living index and therefore caused wages to be raised; conditions favored the "passing on" of the wage increase in the case of industries catering for the home market, while the bounding prices of exported raw materials during the war allowed rural and mining employers to meet the added wages costs without difficulty. In fact, employers probably fared better than wage-earners, for the latters' wages in any one period were fixed by the cost-of-living index of the previous period, and thus lagged behind prices. Hence the problem of ability to pay was of little practical interest, and all discussion centered on cost of living. At the very moment when the slump of 1920 was knocking at the door, a Royal Commission was preparing a report, based on a year's hard investigation, on "the actual cost of living, according to reasonable standards of comfort....for a man with a wife and three children under 14 years of age."

The depression came first to Australia with the collapse of prices of metals and land products, and was followed by the entry of manufactured goods at prices far below those of Australian wares. In this general landslide it was inevitable that employers should complain that they were unable to pay the prescribed basic wage, especially since the

wage lagged in its descent as in its rise. Discussion has therefore been compelled to turn from a consideration of the minimum needed to the maximum available; and in 1925 a Queensland Commission recommended that "the chief guide to be followed . . . in declaring a standard basic wage for industries of 'average productivity' should be the capacity of industry to pay wages. Cost of living should only be taken into account after capacity to pay has been ascertained." How far this recommendation will give a new direction to the regulation of wages one cannot yet say; but it is certain that in the field of wages, as in that of finance, the stress of the past four years is causing a reorganization of practice and opinion.

3. *Economic results of political organization.* Australia is as large as the United States, but is divided into only six states, which were grouped into a federation in 1900. The mainland states are therefore vast in area—one of them occupies nearly a million square miles. Inevitably settlement and control have radiated from the state headquarters, and often, since the railways run fan-wise from the metropolis, goods have been prevented from seeking a nearby natural outlet and have been hauled many unnecessary miles to the capital. The neglect of good natural harbors, the methods of railroad rate making, the inadequate powers granted to local governments, the expenditure on public works, all seem to have aimed at maintaining the supremacy of the chief cities, and have thus accentuated rural depopulation or checked the progress of new settlement. This charge, partly true, has raised the cry for the formation of new states; for it is urged that only by further political subdivision of the map will it be possible for some potentially rich districts to become really rich. One of the chief factors driving the farmers of some parts to form a political party was this belief in the need for decentralization; and, although expert opinion today asserts that the formation of new states is undesirable, uneconomical, and impracticable, the broad problem still remains unsolved, and must be met by a drastic reorganization of economico-political institutions, and by the grant of self-government to local authorities.

A second problem with an economic bearing has sprung from the operations of federation. Federation meant interstate free trade, and the exposure of infant industries in some states to competition from the more industrially advanced centres. A mounting tariff seemed to bear heavily, without compensation, on those states which were predominantly agricultural or mining in occupation; while the imposition of navigation laws shutting overseas ships out of the coastal trade hit hard those industries or regions which were especially dependent on a good cheap shipping service.

It may be true that federation helps those who help themselves; Ontario and Quebec are regarded by Canadians outside those provinces

as exploiters of the whole dominion, so that the Maritime Provinces and the Prairies have big bundles of special grievances. In Australia a similar position has developed; for the smaller states are convinced that every economic good is appropriated by the two chief industrial states, Victoria and New South Wales, that the abolition of interstate tariffs has ruined industry in the smaller centres, that the states made a bad bargain when they surrendered the right to collect and keep their own customs, and that much federal legislation is suitable only for the advanced states and crushing to the less developed ones. Like Canada, Australia is not an economic unit; it is too divided by climate, distances, resources, or barriers of waste land or sea. To weld it into a political unity meant paying a big price, the heaviest burden of which now falls on the weaker or more isolated groups. When that burden threatens two out of six states with virtual bankruptcy, as is the case in Tasmania and Western Australia, it becomes evident that the federal body must either ease the burden of finance by granting larger subsidies or by retiring from the field of direct taxation, or it must abandon the principle of making its economic laws apply to all the constituent states. Probably it will be compelled by force of circumstances to do all these things.

It is evident from the above paragraphs that Australia is far from being a land without problems. But its structure is so comparatively simple and its resources are so ample in proportion to the size of its population that it can afford to make mistakes, and, having discovered them, to retract and start all over again. And if the first number of *The Economic Record* is a fair sample, the continent will be well served, both critically and constructively, in its experiments by its economists.

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FREDERICK LIST IN AMERICA

June 10, 1925, marked the one hundredth anniversary of the arrival of the economist Frederick List in the United States, where he made his home for a number of years and distinguished himself in private and public affairs as a scholar, a business man and a statesman.

List came here as an exile at the age of 36, the victim of a reactionary government dominated by the Austrian Prince Metternich. In his native country he had held a professorship in political science at the University of Tübingen, had served as a member of the Diet of Württemberg, and had taken a conspicuous part in the movement which culminated in the German Customs Union. It was largely the advice of his friend, General Lafayette,¹ which induced him to emigrate to the new world in order to escape the persecutions of a bureaucratic régime which had released him from prison on the express condition that he leave his native country. He remained in the United States until 1831, when he again returned to Europe, having been appointed to the United States consular service by President Andrew Jackson.

List was one of the earliest European economists who came to this country; and he brought with him a rich background of scholarship and practical experience. This, coupled with brilliant gifts of mind and indomitable energy, readily won him the friendship and esteem of leaders in American public life, and enabled him to contribute as successfully as he did towards the upbuilding of our institutions in that early and formative period of the economic history of this country. During the comparatively short time—less than six years—which he spent here, he indentified himself so closely and with such signal success with the intellectual, commercial and industrial life of his adopted country that his name justly deserves to be ranked among the foremost pioneers in the history of the industrial development of Pennsylvania, as well as of the commercial policy of the United States.

The full significance of the American period of List's strenuous life has not been appreciated by later writers to its full worth. This may be due in part to the fact that he lived here for too short a time. Moreover, his main life's work, founding the German railway system and writing his classic volume, *The National System of Political Economy*, falling within a later period of his life and subsequent to his return to Europe, eclipsed the results of his labors in the United States. Then too, the American tariff controversy, in which he took such a conspicuous part, was superseded, after his departure, by political issues which engrossed the attention of the American public

¹Unpublished letters by General Lafayette and his son Georges to List are in the Bavarian State Library, Munich, and in several private libraries in Germany and Austria.

much more, for the time being, than the question of protection or free trade. And finally, the fact that List's American writings appeared in part anonymously and were not mentioned in *Niles's Register*, that main source of information for later writers on early American tariff history, has contributed its share towards allowing List's American career to remain more or less unnoticed. Fortunately the recent centenary has brought to light such a mass of important new material, including List's forgotten and lost writings, that the oversight of the past is rapidly being remedied.²

In the meantime a literature of considerable size and in many languages has grown up around Frederick List and his writings. A bibliography recently compiled,³ comprises more than a thousand entries. Yet comparatively little has been known about the years which he spent in the United States, beyond what his early biographer, Ludwig Häusser, published as far back as 1850. The only important additional biographical material was noted by Margaret Hirst in her valuable study, *Life of Friedrich List* (London, 1909); but that also is incomplete in important matters and contains numerous inaccuracies. Until very recently, most of List's American writings had been lost and forgotten, having been hidden away in the files of newspapers and journals of a century ago, or scattered here and there in American libraries, unidentified as to List's authorship. Now that the data hitherto missing have been found,⁴ it is possible to reconstruct a clearer picture of his American period and to appraise his activities during that time with a greater degree of historical accuracy than formerly.

The activities of Frederick List in the United States extended along five different lines, some of them overlapping in time to a certain extent. About a year elapsed before he found a permanent sphere of employment. The intervening time he had spent in travel and study, including a few months' sojourn on a farm near Harrisburg in Pennsylvania. In the summer of 1826 he moved to Reading, Pennsylvania, where he became editor of the *Reading Adler*, which position he held throughout his stay in the United States.

Shortly after his coming to Reading he established connections with the Pennsylvania Society for the Encouragement of Manufactures and the Mechanic Arts, and soon became one of the leading proponents of the so-called American System, i. e. of a protective tariff policy. In

²See *Weltwirtschaftliches Archiv*, April and July, 1925.

³K. Th. Eheberg, *Friedrich List, Das nationale System d. pol. Oekonomie*, 8th ed. 1925, pp. 357-414.

⁴A complete edition of List's works is announced by the new German Academy (*Weltw. Archiv*, January, 1926, p. 184 fol.). It will include, in a separate volume, List's American writings.

1828 he became identified with the anthracite coal industry of Pennsylvania and with the organization and building of the Little Schuylkill Navigation, Railroad and Canal Company. In the later years of his stay he took an active interest in Andrew Jackson's campaign for the presidency, which finally led to his appointment to a consular office.

Traveller, journalist, economist, coal prospector, railroad builder and consul—these sum up the outstanding stages in the busy life of Frederick List in the United States.

The friendship between List and Lafayette dated back to 1823, the latter having repeatedly urged his friend to emigrate to America in order to escape the persecutions of his enemies. So when List arrived at New York in 1825, he immediately proceeded to join Lafayette, who was then on his second visit to the United States, and remained with him up to the latter's departure for France in September of that year.⁶ In the course of the trip List saw a large part of the new republic and met most of the leading men in public life, among them John Adams, Jefferson, Madison, Monroe, John Quincy Adams, Webster, Clay, Garrison, John Marshall and Emerson.

List's observations, reflected in his diary and later writings, of the economic, political and social conditions as he saw them under most favorable circumstances, give evidence of his keen power of observation, as well as of his warm sympathy for the democratic institutions of the land of his choice. He writes in retrospect:

Here before one's eyes, wildernesses become rich and powerful states. Here it first became clear to me that nations pass through different stages of economic development. A process which in Europe would require many centuries takes place here under our very eyes—I mean the transition from a state of nature to pastoral cultivation, from that to manufacture and commerce. Here we can observe how rent gradually grows from zero to an important sum. Here a simple farmer by practical experience has a better understanding of the means by which agriculture and rent can be advanced than the keenest intellects of the old world—he tries to attract manufacturers and artificers into the vicinity. Here the contrast between agricultural and manufacturing nations shows itself in the clearest manner and causes the most violent agitations. Nowhere so well as here, can we learn the true value of means of transport and their influence on the intellectual and material life of the people. I read this book with eagerness and industry, and sought to bring the lessons I learned from it into harmony with my former studies, experience and reflections.

After Lafayette's departure List undertook another trip which brought him through Pennsylvania, as far west as Pittsburgh, where he visited the neighboring communistic settlements at Economy and

⁶A. Levasseur: *Lafayette in America in 1824 and 1825*, vol. II, p. 220. Philadelphia, 1829.

Harmony, and their leader George Rapp. List's diary⁶ contains an interesting account of the social and economic conditions that obtained in those pioneer coöperative communities; and in later years he wrote frequent contributions to American and European newspapers on the progress of Rapp's, as well as of Robert Owen's experiments.

The following winter and spring List spent on a farm which he had purchased near Harrisburg, devoting his leisure time largely to reading and study. In the summer of 1826 he moved to Reading, Pennsylvania, and became editor of the *Readinger Adler*, a German-American weekly, founded in 1796. He edited the *Adler*, which had a wide circulation among Pennsylvania Germans, during his entire stay in the United States. His editorials, particularly his weekly summary and analysis of international political events, soon attracted attention and were commented on and reprinted throughout the country. An intimate knowledge of European affairs, and an extensive correspondence with many of the foremost statesmen and scholars of the new and the old world made available to him avenues of information such as few contemporary journalists enjoyed. In Pennsylvania the *Adler* was popularly referred to as the "Berks County Bible." List's editorials on economic questions, for example on American commercial policy, financial problems, railroad and waterway transportation, as well as on educational topics, were of exceptional merit and entitle him to be ranked among the best representatives of early American journalism.⁷

List has become known in American economic history chiefly through his writings on the tariff. That was a subject with which he had been conversant prior to his coming to the United States, and in which he had a deep interest. So it was but natural for him to get in touch with the men who directed the activities of the Pennsylvania Society for the Encouragement of Manufactures and the Mechanic Arts, an organization dating back to the days of Alexander Hamilton, which had its headquarters in Philadelphia. Under the leadership of men like Mathew Carey, Charles Jared Ingersoll, Peter Duponceau, Redwood Fisher and others, this society had become the center of the protective tariff movement, or as its supporters called it, the American System.

Ever since the enactment of the tariff act of 1824, a determined fight had been waged between the protectionists and the free trade interests, in anticipation of further action by Congress. When in 1827 the Woolen bill failed of passage by one vote, the controversy took on added vehemence. Throughout the country public meetings

⁶In List-Archiv at Reutlingen. Reprinted in *Weltwirt. Archiv*, April, 1925, p. 205 fol.

⁷Complete files of the *Adler* for 1825-1831 are in the Library of the Berks Co. Hist. Soc. Reading, Pa., and of the American Antiquarian Society, Worcester, Mass.

were held; in the press a heated discussion was carried on; and a flood of pamphlets made their appearance.

Up to that time most of the publications sponsored by the Pennsylvania Society had been written by Mathew Carey. But Carey was now advanced in years; and the products of his pen lacked the vigor and forcefulness of former days. So Ingersoll, Fisher, Duponceau and others⁷ warmly welcomed List as a collaborator in their cause, and reached an understanding with him whereby he was to prepare articles and publications for the Society in support of the American System.

About that time Thomas Cooper's *Elements of Political Economy* had appeared. It was widely advertised, introduced as a college textbook, and regarded by free-traders as a trump card in their favor. Ingersoll, knowing of List's opposition to Adam Smith's views, of whom Cooper was a follower, requested List to prepare an answer to Cooper. It was agreed that the answer should take the form of a series of public letters addressed to Ingersoll.

In the meanwhile a national meeting of the supporters of the American System was held at Harrisburg, beginning July 30 and lasting five days.⁸ It was attended by 95 delegates, representing 14 different states. Hezekiah Niles, Mathew Carey and C. J. Ingersoll were among the delegates, the latter being chairman of the committee which drafted a memorial to Congress, while Niles drafted an address to the people of the United States. List also attended the convention, though not as a delegate, and acted in an advisory capacity to Ingersoll. A set of formal resolutions adopted by the convention called for increased duties on woolen goods, iron, hemp and a number of other commodities.

In an address which List made to members of the Pennsylvania Society not long after the Harrisburg Convention, he spoke of the latter as follows:

We in this country had not long ago the great spectacle of beholding, on motion of your high-minded and efficient society, the people of fourteen states meet in their respective counties in their states, and lastly, in a national convention, for discussing the causes and the remedies of the present depression of our national industry. This convention, gentlemen, I contemplate as the commencement of a new epoch in this Union, as the birthday of a national system. It is true that great statesmen and writers, and wise legislators, pronounced long ago the fundamental principle and legislated upon it. But never before did the people in general deliberate upon the subject, and meet by delegates for the particular purpose of inquiring into the causes of the decline of our national industry, and into the means of improving it. This convention pronounced in the name of the people in general the declaration of economical independence. After so

⁷See letters in List-Archiv, Reutlingen.

⁸*Proceedings of the General Convention of Agriculturists and Others Friendly to the Encouragement and Support of the Domestic Industry of the United States.*
76 pp.

many meetings and conventions had been held for party purposes, the country saw for the first time, a national convention, composed of men of all parties, for the sole purpose of elevating the welfare of the country. No voice of party spirit was heard, but what talents were displayed, what arguments brought forward, what ideas suggested, what a mass of experience and of valuable facts accumulated! And above all, gentlemen, let me admire the noble and generous spirit of brotherly love, and forbearance towards those who are of opposite opinions, that determination by reason to reconcile their prejudices and their apparent private interests, so amply displayed in that ever memorable popular assembly. This noble and worthy course, gentlemen, the same by which your great fathers succeeded in framing the national independence, in spite of an internal contest, and of all intriguing powers abroad, will certainly carry you, their worthy sons, to economical independence. On your side is reason, true patriotism, sound policy and wisdom.¹⁰

The proceedings of the Harrisburg Convention were followed with great interest by the public generally; all the leading newspapers published detailed reports of the various sessions; and the attention of the people in all parts of the Union was focussed as never before on the tariff problem. At this psychological moment List's letters (twelve in number) appeared in the *National Gazette* of Philadelphia, from August 18 to November 27, under the heading, "The American System." In them List attacked the cosmopolitan system of free trade upheld by Adam Smith, Say and others, and advocated a system of protection.

In the course of his Philadelphia address, mentioned above, List again briefly summarized the views which he had set forth more at length in the twelve letters, in the following words:

We intend not to detract from the merits of Adam Smith in expressing our opinion that he did not observe the fundamental distinction between political and cosmopolitan principles; that he did not do justice to the influence of the moral and intellectual riches or material riches, and vice versa, nor to the causes of the increase and diminution of the productive powers; that he created a vague term under the name of capital, by the use of which he committed immeasurable errors; that he overlooked entirely matters of the first importance in practice, such as the causes of the rise and fall of the prices of land.

The letters were well received by the public; and List received numerous commendatory letters from men of prominence, among them Richard Rush, then Secretary of the Treasury.¹¹ More than fifty newspapers reprinted the series, and that the publication of the letters created a considerable stir in free trade circles may be seen from the

¹⁰A printed copy of this address is in the library of the Historical Society of Pennsylvania, Philadelphia.

¹¹Now in the List-Archiv at Reutlingen.

caustic comments of the New York Post¹² and other newspapers opposed to the American System. Soon after their appearance in the *National Gazette*, the Pennsylvania Society published the entire series of letters, with the exception of the last, which was evidently overlooked,¹³ in the form of a brochure under the title *Outlines of American Political Economy*.

The success of the letters was so gratifying to the members of the Pennsylvania Society that they gave a banquet in honor of List at the Mansion House in Philadelphia on November 3, 1827. List on that occasion made a noteworthy address¹⁴ on how to promote commerce and trade in the United States. Among other things he proposed that a national organization of American business men be formed for the purpose of making available to Congress from time to time the consensus of opinion of American business men on matters concerning which federal legislation might be desirable. In substance, his suggestion anticipated activities such as those in which the Chamber of Commerce of the United States has engaged in recent years.

I cannot suppress an idea occurring to me in contemplating the happy effect of the Harrisburg Convention. Why not extend your useful society to the whole Union—why not meet every year the most talented men amongst those who are friends to internal industry, and the most jealous in promoting it—for discussing the necessary measures for gathering the different facts, and preparing them for Congress? It will perhaps be objected to this suggestion, that this is the business of Congress. But, gentlemen, the members of Congress are selected in respect to their general capacities and gratifications, as politicians and legislators, and the business of Congress is too expensive to allow sufficient time for maturing economical matters, whilst the members of such an annual meeting would be selected for that particular purpose, without regard to their political opinions, or their knowledge in other branches. Their whole function would be confined to the sole task of discussing the various branches of national economy, and to enlighten the public, as well as Congress about them. Such an expedient seems to be not only consonant with but urged by the nature of our social order, where no chief of a Home Department has thousands of officers at his command to gather reports from all quarters of the country. I am confident that after three or four meetings, the public would be astonished at the knowledge they would accumulate and distribute, not only respecting our internal resources, but also with regard to our external relations, and, particularly to those with France and the European continent.

Another suggestion made by List in the course of that address, which is worth calling attention to, concerned the founding of a school

¹²August 22 and 25 and Nov. 16, 1827.

¹³*National Gazette*, Nov. 27, 1827. It is reprinted in *Weltw. Archiv*, 1925, p. 242 fol.

¹⁴*Account of the Dinner Given to Professor List by the Pennsylvania Society for the Encouragement of Manufactures and the Mechanic Arts, at the Mansion House, Philadelphia, Nov. 3, 1827.* 15 pp.

of commerce. In pointing out that "it was not only the protecting system by which France was enabled to increase so wonderfully her productive power, but also her moral riches, which increased her material riches, and her intellectual power, which, with the aid of her protecting measures, raised her instrumental powers," List described the successful work accomplished by the French national polytechnic school and similar institutions in Austria, Switzerland and Germany. The founding of a similar national institute, possibly by enlarging the scope of the Franklin Institute of Philadelphia, he urged as a vital need for developing the productive powers of the United States.

List now became favorably known throughout the country as a forceful and eminent champion of the American System, and numerous demands were made upon his services. In response to an invitation by members of the Pennsylvania state legislature, he addressed both houses of that body on the tariff question. This address was reprinted in a number of metropolitan newspapers and drew the fire of several members of Congress, particularly of Representative McDuffie of South Carolina, who during the tariff debates in Congress in 1828 referred to it at considerable length, in an effort to ridicule "the professor of political economy and necromancy from Pennsylvania."¹¹

Free trade interests, especially among New England importers, became considerably alarmed at the growing sentiment in favor of protection which resulted from the propaganda of the Pennsylvania Society and the Harrisburg Convention. In order to counteract it, a pamphlet was published in refutation of the arguments favoring protection and a free trade policy. This pronunciamento, entitled *Report of a Committee of the Citizens of Boston and Vicinity Opposed to a Further Increase in Duties on Importations*,¹² popularly known as the *Boston Report*, was looked upon generally as the best presentation of the free trade policy. It was aimed particularly at the resolutions and statements of the Harrisburg Convention, and on the whole followed the traditional argumentation of Adam Smith's followers.

The *Report* also mentioned List, and referred to him as "one of the most learned defenders of the American System," and as a "writer on the side of the opponents who enjoys high respect among them on account of the ability with which he represents their cause." At the request of Ingersoll, List prepared an answer which appeared anonymously under the title *Review of the Report of a Committee of the Citizens of Boston and Vicinity Opposed to a Further Increase of Duties on Importations*. It was distributed in pamphlet form by the Pennsylvania Society.

¹¹Gales and Seaton's *Register of Debates in Congress*, April 18, 1828, p. 2391 fol., p. 2432 fol., p. 2700 fol.

¹²Boston, 1827, 196 pp.

Meanwhile the main battle-ground of the tariff controversy had been shifted to Washington. When Congress convened in December 1828, Secretary of the Treasury Rush in his annual report recommended an increase in tariff rates along the lines advocated by the Harrisburg Convention. Thereupon the Committee of Ways and Means of the House issued a lengthy report in opposition to Rush's proposals. As the whole controversy was approaching a crisis, the officers of the Pennsylvania Society decided to issue a public answer, setting forth their side of the question as quickly as possible before it came to a vote in Congress on the pending tariff bill. At Ingersoll's request, List wrote an answer which was published over the signature of the officers of the Society under the title *Observations on the Report of the Committee of Ways and Means*. List's name does not appear as author.

A little later he figured in a controversy that attracted considerable attention in the southern states. It seems that a copy of his *Outlines* had come into the possession of Governor W. B. Giles of Virginia, and for some unknown reason had aroused the ire of that fiery statesman. In a letter to the press,¹ in which he denounced "the political order at Washington" in passionate terms, he charged List with being "a professor of political economy from the school of Count Metternich, the most antiquated, illiberal, unfeeling and bigoted despot in principle now upon the political theatre of Europe." List answered in a series of public letters addressed to the governor, which were reprinted and commented upon by a number of the leading southern newspapers. After pointing to his past career as evidence that he had been everything but a disciple and follower of Prince Metternich and the latter's policy, and setting right a number of other misconceptions of the governor's letter, List went on to show from statements by Washington and Madison how "these your illustrious fellow citizens spoke and acted in those early times of the Republic quite otherwise than you do at present," having declared themselves "in favor of the promotion of domestic manufactures as the first consequences of an energetic government" (Washington) and in favor of "protection of our manufactures by restriction" (Madison). List then entered into a discussion of how to promote the cotton and tobacco industries of the South, and closed with the suggestion of a commercial treaty with France, whereby the French market would be opened up to southern staples in return for concessions to French wines and silks.

His effective advocacy of the American System and the patriotic spirit which animated all his writings were recognized by friends as well as opponents of the cause which he espoused so eloquently. It gave him considerable prestige and won him numerous friends. Those

¹*Constitutional Whig*, Richmond, January 12, 1828.

in Philadelphia, in particular, encouraged him in his literary work; and in a formal resolution, the Pennsylvania Society requested him to elaborate his views on political economy in the form of a textbook for schools and also in form of a more comprehensive treatise.

List set to work at once, and soon completed the first chapter of the book, which was to appear in two volumes under the title *The American Economist*. The first chapter, covering eighty printed pages, appeared in print;²⁰ but no more, notwithstanding that Ingersoll, Fisher and others pressed him to continue. It seems that the need to provide for the increasing wants of his family caused him to interrupt his literary work for the time being. Efforts made by friends, including Mr. Duponceau, president of the American Philosophical Society, to procure a professorship in economics for him at some college,²¹ had been without success. So in order to supplement the small income he received as editor of the *Adler*, he diverted his energies to more remunerative pursuits.

Just about the time when he had come to Berks County in Pennsylvania, a great boom had sprung up in the adjoining Schuylkill county, as a result of the anthracite coal found there. List made frequent excursions into that region, and on one occasion discovered a rich coal deposit about thirty miles northeast of Pottsville on the Little Schuylkill river at a point named Tamaqua. He subsequently acquired a large tract of land there, including the coal lands, and worked out plans for developing and exploiting his property. Other parties interested in neighboring coal lands, had for some time planned to build a canal along the Little Schuylkill from Tamaqua to Port Clinton, located 20 miles distant on the Schuylkill canal. The state legislature in 1826 had given them a charter for that purpose; but the company which they organized, the Schuylkill East Branch Navigation Company, had remained inactive, and the whole project languished. It lacked a leader with vision and enterprise. This List proved to be.

He had been interested in transportation problems, particularly railroads, ever since a visit which he had made to England in 1823, and had published results of his studies from time to time in American and European journals.²² Recognizing the commercial possibilities of an outlet for his coal mines, and believing in the superiority of railway over canal transportation in that case, he prevailed upon the Schuylkill company to have its charter amended so as to allow the building of a railroad. The name of the new company, thus formed in 1828, was

²⁰A copy is in the List-Archiv, Reutlingen.

²¹Original correspondence is in List-Archiv, Reutlingen. See also: *The Miners' Journal*, Pottsville, Pa., March 15, 1828.

²²See: *Mitteilungen aus Nordamerika von Fr. List, Hamburg, 1829.*

Little Schuylkill Navigation, Railroad and Coal Company.²³ Isaac Hiester became its president and List its vice-president; and the latter soon succeeded in infusing new life into the undertaking. He interested Philadelphia capitalists, including the Biddle brothers, Stephen Girard and others, in his plans, with the result that in 1831 the road was opened for traffic. In accordance with List's plans, two town sites were laid out at either end of the road, which developed into the present day cities of Tamaqua and Port Clinton.

In spite of numerous obstacles which arose in the early years of its operation, the railroad, which was one of the first built in the United States, ultimately turned out to be a practical business success. An early report²⁴ submitted to the board of directors by W. F. Roberts, a prominent engineer, stated:

The opening of a direct and continuous line from the Tamaquan coal estate to the commercial emporium of the Union cannot be looked upon but as one of the most important measures of the day, one bringing with it immense advantage to Pennsylvania, in the matter of her great mineral staple, and to the city of New York, as affording her the readiest and surest supply of an article now almost a necessity, and consumed by that city to an immense and annually increasing amount.

In a history of the Philadelphia & Reading Railroad, written in 1912 by Jay V. Hare,²⁵ it is stated that

The Little Schuylkill, one of the first railroad corporations to be chartered in the state of Pennsylvania, may be said to be the progenitor of the Philadelphia and Reading Railroad, for in addition to being the first railroad in the present Reading system to be incorporated, a number of gentlemen who were prominently associated with its creation were also the originators of the plan for the combination of the Philadelphia and Reading Railroad and the prime movers in the consummation of that plan.

During the presidential campaign of 1828, List, through the *Reading Adler*, supported Andrew Jackson and in large measure was instrumental in swinging Pennsylvania, a pivotal state, to the Jackson ticket. Knowing of List's plans to introduce American anthracite coal into European markets and holding a high opinion of him personally, Jackson in 1831 nominated him as United States consul to Hamburg. The appointment, however, was not confirmed by the Senate. Official records recently discovered²⁶ show that the authorities of the city of Hamburg, acting under pressure from Metternich, protested against List's appointment. Later President Jackson appointed him

²³The original records are preserved in the offices of that company in Philadelphia.

²⁴Abstract of a report on the coal and iron estate of the Little Schuylkill Navigation, Railroad and Coal Company, Philadelphia, 1846.

²⁵The Pilot, vol. XIII, no. 2.

²⁶In the archives of the U. S. Department of State. Reports by U. S. Minister Rives, Paris.

United States consul to Baden, and in 1834 consul at Leipzig, which office List held till 1837. From 1843-45 he was United States consul at Stuttgart.

List did not return to the United States after his departure in 1832; but up to his death on November 30, 1846, he never failed, whenever he found an opportunity, to evince his loyalty and admiration for the country whose hospitable shores had received him as a political refugee, and for the people to whose welfare he had devoted some of the best years of his life.

His claim to fame in the annals of American history rests mainly on two things: (1) his participation in the upbuilding of its commerce and industry; and (2) his part in influencing and shaping American commercial policy in its infancy, i. e. during the first third of the nineteenth century.

In both capacities he was eminently constructive. As a man of action, he stands out prominently as a pioneer American railway builder, whose memory will ever be associated with the inception of one of the earliest and largest transportation systems of this country, the Reading system. Moreover, what has long been the distinguishing feature of this railway, namely its service as a coal carrier, was the very purpose for which List planned and helped to build its initial line, an undertaking through which his name has for all times become interwoven with the industrial development and commercial prominence of the State of Pennsylvania. As a man of thought, he must be regarded as one of the fathers of the protective tariff policy in the United States, and in a broader sense as "one of the ablest exponents of protection that economic science has ever known."²⁸

This talented and enterprising man had a strong practical turn of mind. Whatever task he happened to apply himself to, there was always involved a practical public issue or need of the hour. But in dealing with his problem, he let himself be guided by such broad viewpoints, basic principles, genetic relations and future considerations, that his treatment invariably took the whole matter out of the ordinary routine of discussion and elevated and advanced it to higher levels. This combination of theory and practical application was characteristic of List throughout his life and was greatly influenced by his contact with American institutions. It applies in a marked way to his treatment of the tariff problem in his *Outlines of American Political Economy*. This treatise, with all its defects, both in form and substance—it was written hastily, under adverse circumstances, in an atmosphere of controversy and propaganda, and in places is diffuse, reiterative and inaccurate—is nevertheless an epochal landmark in the tariff literature of the United States.

²⁸R. T. Ely, *Outlines of Economics*, 1924, p. 380.

In the first place, it represented a notable advance in economic reasoning that raised it far above the writings of Mathew Carey and Hezekiah Niles, the leading literary advocates of tariff protection at that time. These two prolific writers were concerned mainly with the practical and beneficial effects of protective duties upon domestic commerce, and endeavored to show these with the aid of elaborate statistical data. Their lively polemics, however, aroused but passing interest, and as far as tariff theory is concerned added little to what Alexander Hamilton had said before them. List, on the other hand, while not losing sight of the practical issues involved, sought to work out a system whose principles would be in accord with existing economic and political conditions. Having this in mind he advanced, even though not yet fully developed, some of the distinctive ideas which he worked out more fully and systematically in later years. They included the economic concept of a nation, the theory of productive powers in contrast to exchange values, the theory of stability and continuity of work, the emphasizing of social conditions, and others. These ideas which formed the philosophical background of his argumentation represent the chief distinctive feature of the *Outlines* and entitle the latter to a place of honor in American economic literature.

To what extent the writings of earlier economists influenced List in the views set forth in his *Outlines*, it is difficult to say. Some²⁶ have endeavored to show that he derived them from Daniel Raymond, others²⁷ that he got them from Adam Müller. Neither view is correct.

That List, the economist, received strong impulses in the United States cannot be questioned. America was to him a great practical school of experience along all the various lines of endeavor in which he interested himself. In the introduction to his *National System* he wrote:

"The best book on political economy which one can read in America is life itself—I read this book with eagerness and industry, and sought to bring the lessons I learned from it into harmony with my former studies, experiences and reflections."

He also devoted much time to reading American and foreign publications, availing himself freely of the library facilities in Harrisburg, Reading and Philadelphia for this purpose. His friends in the latter city in particular kept him supplied with books dealing with American tariff problems. In the beginning of his *Outlines* he mentions the fact that he was familiar with the literature on that subject thus:

After having perused the different addresses of the Philadelphia Society for the Promotion of National Industry, the different speeches delivered in Congress on that subject, *Niles's Register*, etc., etc., it would be but

²⁶C. Köhler: *Problematisches zu Friedrich List*, Leipzig, 1908.

²⁷Baxa, in *Zeitschrift f. Volkswirtschaft*, 1923, p. 153 fol.

arrogance for me to attempt a supply of practical matters, so ingenuously and shrewdly illustrated by the first politicians of the nation. I confine my exertions, therefore, solely to the refutation of the theory of Adam Smith and Company, the fundamental errors of which have not yet been understood so clearly as they ought to be.

In this connection the following remarks made by him in the course of his Philadelphia address are also significant:

But the days of the "laissez faire" theory are numbered even in France, since that celebrated scholar, Charles Dupin, wrote his *Situation Progressive des Forces de la France depuis 1814* (Paris, 1827). This excellent production was communicated to me by that early, zealous and meritorious defender of American manufacturers, who presides over your honourable society, long after my letters were printed, which it will be well to remember, because Baron Dupin treats of the productive powers of France, and coincides with me in one of those reformatory principles which I exposed in my essays, as originating with me.

Furthermore, it is now known from recently discovered writings that, as Rabbeno² and others had surmised, List was familiar wth Alexander Hamilton's *Report on Manufactures*.

These studies of his could not have failed to deepen his knowledge and to broaden and clarify his views; but the assumption that he merely appropriated the views and ideas of others is without foundation and contrary to historical facts. This does not preclude the possibility that in formulating individual concepts, List reverted to earlier writers, including Müller, Raymond and others, in whose writings he had found a process of reasoning which had many points in common with his own, substantiated and confirmed their accuracy, and proved an incentive for further reflection and study.

As far as Daniel Raymond is concerned, his *Thoughts on Political Economy* of 1820 (in later editions it was named *Elements of Political Economy*), a work which goes back to Lauderdale and others, contains arguments that have a striking resemblance to those of List, e. g. the distinction between national and individual wealth, the concept of a nation as an organic unity, the concept of productive powers, etc; and it is not at all unlikely, although there is no evidence of it, that List was familiar with Raymond's views. But, as H. Losch,³ E. Meuser⁴ and others have pointed out, all these concepts are to be found more or less clearly formulated in List's earlier writings, prior to his coming to the United States, so that there was no occasion for borrowing them from others. Besides, marked differences are found in List's and Raymond's writings. The latter, for instance, as Neill⁵ noted, does

²The American Commercial Policy, London, 1895.

³Patria, 1906, p. 171 fol.

⁴Z. f. d. g. Staatswissenschaft, 1913, p. 104 fol.

⁵Johns Hopkins Univ. Studies, Fifteenth Series, VI.

not develop his protective doctrine, as List does, logically from the concept of the nation and of national as distinguished from individual wealth, but instead constantly shifts his position and adapts his arguments so as to refute Smith specifically point by point. Another important point of difference, observed by Meuser, relates to their conception of the nature and purpose of the science of political economy.

A valuable and illuminating contribution to this whole question was made recently by Greiser² in a study covering the history of the theory of productive powers. It is there shown that prior to List there existed two schools of thought concerning the distinctive economic character of a nation. The first of these, including Möser, Lauderdale, Louis Say, de Saint-Chamans, Ferrier, Raymond, John Rae, distinguished between individual and public wealth, and based thereon the independent existence of nations as economic factors. The other, represented chiefly by Adam Müller, considers a nation as the product of an interplay of relations between the individual and a superindividual relationship, and regards conformability to time as its distinctive feature. List took up this element of time, emphasized the distinction between nation and individual, and regarded the association with political power as a distinctive characteristic, as compared with mankind.

Likewise, there existed two groups of thinkers with regard to the doctrine of productive powers, one represented mainly by Soden and Schnithenner, the other by Adam Müller. List, according to Greiser, was the first to recognize the productive power in the intellectually and morally advanced man, and to include in this concept everything likely to promote the intellectual and ethical development of man.

Leaving open, however, the question as to what extent the theoretical setting of List's *Outlines* was original with him, the salient fact remains that the arguments, as he presented and formulated them on American soil and on an American background, caught the attention of the American public, gave currency to the ideas they contained, and contributed their share to the making of an American tariff policy. Indeed, their practical effect was still more far-reaching; for ten years later, in France, List elaborated them in the form of an essay which was commended by the French Academy as an "ouvrage remarquable," and still later, in 1841, in their most advanced form, List embodied them in his *opus magnum*, the *National System*. At each of these stages, List's eloquent arguments fired the imagination of scholars, politicians and statesmen, quickened public opinion, and "helped to sway the policy of nations."

²Weltw. Archiv, vol. 22, p. 280 fol. See also: E. Ladenthin, Zur Entw. d. Nationalök. Ansichten Fr. Lists v. 1820-1825. Vienna, 1912.

List's *Outlines* were epochal for another reason, because his method of presentation and conception was an innovation in American tariff literature. His universal comprehension and historic treatment of matters relating to commercial policy, coupled with a consideration of the social interrelations of economic life, differed greatly from the customary and traditional argumentation met with in those days in the press, in Congress and on the part of Carey, Niles and other writers. The wealth of illustrative material drawn from the political and commercial history of the world with which he pointed his arguments, gave them a touch of human interest that made them not only exceedingly fascinating but forceful and effective as well. They represent what was perhaps the earliest example on American soil of the Historical School of economic thought.

This brings up the question of the practical effect exercised by List upon American life. He became identified with the cause of protection at a time when its future was by no means promising. In New England as well as in the South there was a deep-rooted opposition to further increases in tariff rates. In New York, Pennsylvania and the western states public opinion was divided. Besides, the whole question was in danger of becoming more and more entangled in sectional issues as well as in controversies raging round ambitious politicians. The Pennsylvania Society, which formed the backbone of the protectionist element, was in need of a forceful and aggressive literary mouthpiece. Some of the most influential newspapers of the day either opposed the so-called American System, or assumed a waiting attitude. The free trade interests pointed with pride to the fact that in the textbooks most used in American colleges and found on the shelves of libraries—Cooper, McCulloch, etc.,—the views of Adam Smith and Say were espoused.

At this juncture Frederick List appeared. By training and experience well-grounded in the questions at issue, not affiliated by past association with national or political party strife of any kind, he promptly took issue with a doctrine which, as he contended, ran counter to the most vital needs of a vigorous and unified national economy. Moreover, the time was highly propitious for aggressive propaganda to be undertaken. The Harrisburg Convention and the numerous local conventions held throughout the country had aroused the public from a state of apathy; public interest in the tariff question was keyed to a high pitch; and from the psychological point of view, the appearance in print of List's *Outlines* could not have been more favorably timed. This was equally true of his other writings which followed in rapid succession. His scholarly reasoning, the novel method of presentation, and the patriotic tone that rang through them all, showed that he was more than a mere agitator or spokesman of

method of protection in the tariff act of 1828, reached the crest of the first protectionist period in American history. During that formative period the two most creative and constructive minds were Alexander Hamilton and Frederick List.

Whether in later years List's writings influenced Henry C. Carey, the son of Mathew Carey, is a disputed point. Schmoller,¹ and at one time also Marshall,² inclined to this view, while Hirst does not deem it improbable, and draws attention to similarities of argument between Carey's later writings and the *Outlines* and *National System* of List.

A final point worth recording in connection with List's relations to the United States concerns his journalistic work after his return to Europe from America. In frequent contributions to German, French and English periodicals and other publications, he wrote about current American events of an economic and political nature, and interpreted them in such a masterful way that he soon won the attention and respect of large circles of readers throughout Europe. His first-hand knowledge of American affairs and keen grasp of their significance, as well as his sympathy for democratic institutions gave to his writings an atmosphere of their own and made List one of the best, if not the foremost interpreter to Europeans of the American people and their aspirations during the first half of the nineteenth century.

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¹*Zur Literaturgesch. d. Staats- u. Sozialwissenschaften*, Leipzig, 1888, p. 102 fol.

²*Principles of Economics*, London, 1890, p. 67.

INTEREST ON ENTERPRISERS' CAPITAL AS A COST IN THE LIGHT OF ECONOMIC THEORY

From time to time there has been controversy among business men, accountants and economists as to whether or not interest on the capital invested by enterprisers in their businesses should be regarded by them as a cost of production, and so treated in their accounts. A recent affirmative answer to this question has been argued at some length by Mr. Clinton H. Scovell, in his book *Interest as a Cost*.¹ His view appears not to be generally accepted by accountants, however; and Professor W. A. Paton, in his review of the work², takes sharp issue with Mr. Scovell.

It has not been the usual practice of business men to differentiate interest on their capital from their profits, and so they have not treated the former as a cost. Professor J. M. Clark, in his admirable analysis of overhead costs, suggests that the question at issue is mainly one of convenience. He leans toward the view, however, that interest on enterprisers' capital should be treated as a cost in cost accounting, but not for general financial accounts.³ The present writer is an economist, not an accountant, and therefore he is not competent to discuss the technical accounting phases of this issue; but he believes there are certain conclusions to be drawn from economic theory which have not been adequately recognized heretofore, and which may shed some light upon the problem. He proposes to examine the subject, therefore, in the light of the theories of value and of business profits, both of which are pertinent in this connection.

The argument in favor of regarding interest on enterprisers' capital (as distinct from that on borrowed capital) as a cost has been drawn very largely from the theory of value. It is in value theory that the problem of costs presents itself to the economist; and his concept of the term has accordingly been colored by that point of view. In value theory, the economist is seeking to ascertain what circumstances determine the prices of commodities. For this problem, costs include whatever payments the community (or the ultimate consumer) must make in order to evoke production of a supply of the wanted commodities.

When costs are conceived of in this sense, it would be impossible to exclude interest on capital, whether borrowed or not. For if a business does not yield the current rate of interest on the investment made in it by its enterprisers, there is no inducement for making further investments, and there is good reason for transferring the

¹New York, Ronald, 1924.

²AMERICAN ECONOMIC REVIEW, June 1925, p. 321.

³J. M. Clark, *The Economics of Overhead Costs*. (University of Chicago Press, 1923.) See pp. 65-67 and 255-257.

capital already invested to some other use, if that be possible; or, if not, there will at least be no incentive to replace it when worn out. Hence the business will eventually disappear. Now if this condition prevails throughout the whole of a given industry or trade, production of the commodity concerned will not permanently be continued, and its price must then rise, due to the scarcity of supply, until business men are again induced to undertake its manufacture. Hence, in the long run, if the price of a particular commodity is not high enough to pay the current rate of interest on all the capital required to produce it (in addition to all other costs), its production cannot go on. Such interest is a necessary cost of production, therefore, in the sense that it is one of the determinants of price. So it comes about that economists, in their theorizing, always think of interest on enterprisers' capital as a cost.

The variance between this usage and the general practice prevailing in the business world has been largely responsible for the effort to induce accountants to accept the economic concept of costs, and to keep their books accordingly. The logic of the economists' position being unassailable, it was deemed essential by those who held the economic point of view that the business men should be made to accept it also. This argument is not without merit for the purposes of cost accounting, where the business man is faced with the problem of determining what is a fair price for his product. In the long run, he should expect to receive a price that will pay a return on his investment; and, especially where there are joint products, it is important to know what portion of the overhead expenses, including interest on his own capital, is chargeable to each article, in so far as this can be ascertained. This has been shown convincingly by Professor Clark; but he also recognizes that this admission of interest as a factor to be reckoned with in cost analysis may be made by the business man without necessarily carrying it in his accounts as a cost.⁴ This is largely a matter of convenience, upon which the technical accountant is in a much better position to pass judgment than is the economist. But though there may be grounds for including enterprisers' interest as a cost for some purposes of cost accounting, the doctrines of value theory afford no sound basis for insisting that interest must be similarly treated throughout the whole system of accounts in a business. There are several reasons why this is true.

In the first place, the theory that interest on enterprisers' capital is a cost of production, entering into the determination of values, is only held to be valid in the long run. This, along with other cost influences, is admitted to be merely a tendency, whose operation is often interfered with by market forces, and the actual effects of which are discernible

⁴*Ibid.*

only in the long-period equilibrium of demand and supply. In other words, the prices which are supposed to be established by these costs are "normal" prices, from which market prices may and do very considerably diverge. It is recognized that at any particular time the value of a commodity does not exactly correspond to its costs of production. For short-run problems, therefore, the economic analysis of costs is not wholly determinate. But the business man's problems are, very largely, short-run problems. He is at least as much concerned with day-to-day and week-to-week fluctuations of market prices as he is with those normal values whose existence cannot be observed except over long periods of time, if not more so. A concept of costs, therefore, which is based on a normal equilibrium or long-period price system will not necessarily be adapted to all the purposes for which his accounts are designed.

In the second place, the economist's point of view in his analysis of values is social; he looks at the problem from the standpoint of the community. But the business man's point of view is acquisitive; he looks at economic matters in their relation to himself as an individual. These two attitudes give rise to two uses of the word *costs*, which, while different, are yet not inconsistent. A consideration of the word *costs* as it is used in common speech will make this clear. The average person means by the term, *the monetary outlays which he must make to acquire a given commodity*. These will vary with different persons at different stages of production. To the final consumer, the cost of a suit of clothes is the amount he had to pay out when he purchased it. This may have been forty dollars, for example. To the retailer who sold it to him, the cost of the suit is less, since he paid out for it less than he received from the purchaser. And the manufacturer expended, in turn, less than the retailer. Here, then, are three different costs for the same commodity, varying according to the person from whose point of view they are being regarded, yet all based on the same general concept of the word.

The economist's idea of costs, as embraced in the theory of value, is not essentially different from this popular idea. But the economist, for the value problem, looks at costs principally from the point of view of the ultimate consumer. Whatever outlays *he* must make to evoke the continuous production of a commodity is a cost entering into its long-run price. In considering costs for the enterpriser's problems, however, we may very properly confine the word to the *outlays* which *that enterpriser* must make, without being accused of inconsistency. It is not necessary to carry over the consumer's point of view to the enterpriser. If costs, then, are viewed as outlays to the individual concerned, interest on enterpriser's capital will not ordinarily be in-

cluded; for this is not an *outlay* at all, but *income*. An outlay it is to the final consumer most assuredly; but not to the enterpriser.

This indicates a third reason why it is not satisfactory for a business man to treat interest on his capital as a cost in all of his accounting. The primary purpose of his general or financial accounts is to show him the condition of his business from time to time, and to enable him to know what are his net earnings, or profits. From this point of view the principal usefulness of the concept of costs is to distinguish between that which is income and that which is not. Viewed from this angle, the question "Is interest on enterprisers' capital a cost?" resolves itself into another one, viz., "Is such interest a part of business profits?" If it is sought to arrive at an answer to this question by reasoning from the theory of value, immediate difficulties are encountered. For, if interest is to be excluded from the category of profits on the ground that it is one of the price-determining costs of production, then wages of management and remuneration for the risks of the enterprisers must likewise be excluded, since it is equally demonstrable that they, too, are costs which enter into values. "And this means," as Professor Paton very cogently observed,¹ "that if we are going to construct the expense accounts of the specific business from the point of view of the orthodox conception of economic costs, we shall be forced to take the position that an enterprise never earns anything [i. e. never earns any profits] unless differential or excess profits—producers' surplus or rents—are present!" If, however, an answer to this question is sought in the theory of business profits, rather than in the theory of value, a more reasonable conclusion will be arrived at; for, if the theory of profits held by the present writer is correct, interest on enterprisers' capital may properly be regarded as an element of profits, and as income rather than as expense.

The doctrine that interest on his investment is not a part of the enterpriser's profits is based on the mistaken belief, commonly held by American (but not so generally by English) economists, that the enterpriser, *per se*, is a person quite distinct from the capitalist. It is held that the business enterpriser, as such, is not charged with the duty of providing capital for his business, but that his work is simply that of planning and determining general policies. If, perchance, he does provide some of his own capital, that is supposed to be more or less accidental or incidental; and, as a capitalist, he may be considered a separate individual. As a matter of fact, however, this pure non-capitalist enterpriser comes very near to being a fiction. He is seldom, if ever, found in actual industry; and he is certainly not typical of the dominant form of business organization today—the corporation. The stockholders of the latter are capitalists and enterprisers indissolubly

¹*Op. cit.*, p. 322.

mingled. Indeed, as Professor Knight has forcefully demonstrated,⁴ the business enterpriser must necessarily have capital invested in his business if he is to occupy his characteristic position as a risk-bearer in industry; for the enterpriser must above all assume the responsibility for his decisions and policies, and there can be no real responsibility where there is no investment at stake. To be responsible, the enterpriser must be in a position to relieve his creditors, including all those from whom he has borrowed capital, of the ordinary market risks incidental to his conduct of the enterprise; and to do this in any effective manner he must have invested in the business capital of his own upon which the brunt of the losses would first fall. The provision of capital, therefore, far from being an incidental function forming no intimate part of the services proper to a business enterpriser, is seen to be an almost compulsory condition to the exercise of his office. The business enterpriser is perforce a capitalist.

But his position in this respect differs substantially from that of a non-enterpriser capitalist. The latter lends his funds to others, who assume responsibility for them; and in return he receives at regular intervals a stated, guaranteed, payment of interest. The enterpriser-capitalist, on the other hand, has neither a regular nor a guaranteed return. He gives up the interest which he might obtain by lending his funds in the investment market, and takes his chances on his ability to make his capital yield him an income under his own direction. Similarly, in so far as he undertakes the active work of planning and supervision, he gives up the definite salary which he might command in the labor market, for whatever remuneration he can make his business earn. As a result, both his interest and his wages of management disappear as independent entities, and become merged with his profits. Enterprisers' interest and wages are not, therefore, something distinct from business profits, but are inseparably part of them.

This does not mean that prevailing interest and wage rates have not each their separate influences on the earnings of business enterprisers, but that this influence is only discernible over long periods of time; its effects are negligible in the earnings of any particular year. It is probably true that if the earnings of a business in the long run do not average at least as much as ordinary interest and wages of management, plus some compensation for risk, that business will eventually disappear, and in a competitive market earnings in excess of this could not permanently be maintained; but this does not alter the fact that the returns yielded by a business at any particular time, or for any one year, will fluctuate above and below this level without any apparent regard for these influences. In the short run, profits move upward or

⁴F. H. Knight, *Risk, Uncertainty and Profit*. (Houghton Mifflin, 1921.) Chap. 10.

downward as a unit, in response to the myriad fluctuations of industry. The enterpriser is in a strategic position; he first feels the effects of any changes in the economic situation. If the demand for his product increases and its price rises, he does not pass this prosperity on at once to his employees, or to his capitalists, or to those from whom he buys his materials; he absorbs it in larger earnings for himself. If conditions are adverse, he again is in a position where the losses fall first on his shoulders, and his earnings decline. Hence, it is the outstanding and peculiar characteristic of business profits that they are exceedingly irregular and fluctuating. They vary widely from industry to industry, from firm to firm, and from time to time. It cannot be said that any one part of them varies while other parts do not; for the forces which affect them operate upon the earnings as a whole. It is impossible to distinguish any separate movement of the interest, the wage or the reward-for-risk element in any particular year. If adverse weather conditions in a certain season cause a farmer's aggregate earnings to cover less than a fair rate of interest on the capital invested in his farm, is it then to be said that the interest was nevertheless there, though wiped out by the losses? And if, during time of war, a munitions plant earns excess profits for its owners, is it to be said that a certain part of this was interest, at the prevailing rate, a certain other part wages of management, and so on? The simple truth is that in the first case unfavorable, and in the second case favorable, circumstances left a certain residue in the enterpriser's hands after all of his expenses were paid, and that residue was simply and solely his business profits.

However desirable it may be, therefore, to observe the separate influence of interest and wages of management on normal values, and on average or representative rates of profits throughout the whole of industry over considerable periods of time, such an analysis is of no significance in explaining the profits of a particular enterprise in any particular year. In short, a distinction must be drawn between profits in the short and in the long run; and in explaining the former no separation of interest from profits can be made.¹

The significance of this reasoning for the question here at issue can be briefly stated. It has been pointed out that most of the business man's problems have to do with intervals of time, which, from the standpoint of economic theory, fall within the category of the "short run." His general financial accounts are designed to show the condition of the business at a particular time, for quarterly or semi-annual dividend-paying periods, or from year to year. In such accounts the

¹For a full statement of this theory of profits, in which both the short- and long-run aspects are discussed and harmonized, see the author's *Principles of Economics*. (Knopf. 1924.) Chap. 21.

purpose of recording costs is to separate the net income, or profits, of the business from the outlays, or expenses. It follows from the argument that interest on the enterpriser's capital, as distinct from that on borrowed capital, is to be classed as income, or profit, and not as cost. The wise business man, of course, will not be insensible to economic conditions covering longer periods. He will do long-time planning, and he will look to his average earnings over a decade or more to determine whether or not his business has yielded the prevailing rate of interest on the investment, wages of management to himself (if he does not draw a regular salary), and sufficient remuneration for his risks. In so doing he may find it desirable to distinguish between his pure or excess profits and the ordinary returns to capital and labor; but he can accomplish this without the necessity of carrying interest on his investment as a cost on his accounts day in and day out, from year to year. There is nothing in the logic of economic theory which compels him to do so.

The conclusions reached by the foregoing analysis tend to substantiate the position taken by Professor Clark.⁷ Interest on enterprisers' capital is a cost, when by costs is meant those payments which, being necessary to evoke continuous production, constitute the determinants of prices, or values; and hence, for purposes of cost analysis to be used as a basis for deciding upon price policies, it is proper for such interest to be treated as a cost in business accounts if it is found convenient to do so. Interest on enterprisers' capital is not a cost, when by costs is meant the outlays incurred by a business as contrasted with its income; and hence it is not to be recorded as a cost in general accounting designed to show the net earnings or profits of an enterprise. It is now seen that the current business practice has a sound justification in economic theory which was not formerly recognized. There is no valid reason why economists should continue to attempt persuading business men and accountants, whose problems are individual and acquisitive, to adopt a concept of costs which is based solely on a social viewpoint, or on the problems of the final consumer.

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⁷*Supra*, p. 1.

COMMUNICATION

Public Utility Valuation

In the discussion of "Public Utility Valuation for Rate Purposes" in the March number of this journal, Mr. Bickley has failed to present certain relations of valuations to maintenance that have been deeply impressed on American railway operators during recent years.

The assumption of prudent investment, or any other valuation based on costs at the time of construction, depends on all maintenance expenditures being taken from income. In such utilities as railways, where large supplies of material for maintenance must be purchased annually, rates must be increased to cover the greater cost of replacements during years of rising prices, in order to maintain capitalization at the original prudent investment plus betterments. As no rate structure yet devised has been adequately flexible and sufficiently independent of politics to vary rates so as to cover maintenance costs during periods of rapid price rise, railways have had either to defer necessary maintenance, or borrow funds to purchase materials at the higher prices. Actually, what is done is to borrow for the more pressing needs, and defer less important work. During protracted periods of high prices, much of such financing for maintenance must be done. What this amounts to is recapitalizing, in part, at the new price level. Thus, many railroads have had to borrow after the war to carry out rehabilitation programs, to bring the lines up to standard. This work was necessary, as much of the permanent way and equipment was in dangerous condition; and the income was utterly inadequate to pay for the needed repairs.

Whether this process of increasing capitalization would be reversed during periods of decreasing prices is not known, as our railways have never experienced such a period; but there are obstacles to reversing the process—the fixed maturities of bond issues, for instance. Nevertheless, the process of gradually increasing capitalization up to present price levels is imperative with rates that do not increase as fast as operating costs. For this reason, any valuation based on prudent investment or cost at the time of construction is unfair. Increase in capital account is justified by the inadequacy of rates during times of high cost; it is the price the public must pay for stable rates and strict regulation.

The above argument applies to all industries where the plant requires constant renewal; railways are the best example. It does not apply to utilities of low operating ratio, where the plant is relatively permanent.

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REVIEWS AND NEW BOOKS

General Works, Theory and Its History

Profits. By WILLIAM T. FOSTER and WADDILL CATCHINGS. Pollak Foundation for Economic Research. (Boston: Houghton Mifflin. 1925. Pp. xxii, 465. \$4.00.)

In *Profits* Foster and Catchings continue their attack against the overuse of the formal, normal, labor, barter economics so predominant in college texts, so effective in wearying college students. Imagine much of *Money*, much of the first half of *Profits* transferred into an introductory text; what a heightening of interest would take place in the class room. College students are potential profit takers, and they are much keener to follow the line of active causation, the search for profits, to see out of it the great structure of economic relations built, than, as is usual, to have to learn in the early part of the text certain dogmas as to the insignificance of money and in the tail end of the text reach profits by a sort of residual analysis.

So the first half of the book is full of glow and go, there is a sense of keen enjoyment in exposition, a sense of realities of wide consequence. Now and then the statistics are rather thrown at one; but that may be better than a labored analysis. The writers turn with pleasure from phase to phase of their subject. Here is their comparison of the essential democracy of business with the formal democracy of government: "In the domain of commerce every human being has a vote every time he makes a purchase. No one is disfranchised on account of age, sex, religion, education, length of residence or failure to register. Every day is election day. Moreover minorities count." No wonder there is the American patriotism for the American business system.

So by the middle of the book, business stands triumphant against all possible competitors in spite of the subdued undertone of recognized losses caused by the business cycle.

And then in the last half of the book the undertone becomes dominant; the authors become the grave questioners of the business system. For to them the business cycle is nothing superficial but is rooted in the very "dilemma of thrift." If it is impossible to save, without making it impossible to purchase with profit to the sellers the goods produced, then we have a veritable "iron law" of the business cycle.

The writers do not use the phrase "the iron law." In fact, in the closing pages, they assume that the dilemma of thrift will be solved. They do not solve it. All they do is to present to us the very grave situation as they see it. Their explanation starts with the "circuit theory of money." The process of thrift, the sending back of money into the productive stream without using it for customers' goods,

leaves the consumer with money inadequate to purchase the consumers' goods as they are produced. He simply has not enough money to purchase all of them with a profit to the seller. This is a queer theory to arise in an age and nation dominated by banking credit. For, I take it, the function of banking credit is to destroy the time significance of the actual movement of money and substitute in its place a world of continuous values. That the ultimate consumers themselves are only slightly connected with banking credit makes no difference as long as the sellers to them are.

Then there is the question of fact. Does saving delay consumers' power to purchase as much as it delays the production of consumption goods? When a new railroad is built, which is maturing more rapidly, wages of the construction gang or the services of the railroad? Therefore I doubt the delay: doubt as well the significance of a delay in a continuous process.

But after the railroad is built—the writers would query? And that brings me to the numerous examples given to show that savings must go hand in hand with a too small purchasing power of consumers. The examples that are given are too numerous and are too discontinuous and violent in their assumptions. They should be reduced to one—savings going into new equipment. This example should assume that a continuous process of savings, of creating new equipment, of receiving interest from old equipment, had been going on and would continue. The example should assume that money was increasing parallel with goods. Especially it should assume that banking money was so increasing.

One thing more: the example should not assume, as in the book, a monopoly. The writers show that after the monopoly has saved, it is no better off, from the point of view of its financial bookkeeping than before. Well, what of it? The usual theory of saving and progress is a competitive theory and assumes that he who does not save and progress is not left in a stationary condition but is positively injured by the savings and progress of others. Until the coming of a company which has a monopoly access to the pocketbooks of consumers, business men must save and progress to remain stationary as in the oft quoted case of Alice in the Looking Glass.

And one extra thing more: the writers should erase the word *profit* from the last half of the book. They started with defining profits as pure profits in the first half of the book. In the last half of the book they use it as gross profits for the proof of their examples. But, for the rigorous treatment of their examples the only concept that is necessary is interest: can a society continuously save and continuously draw interest from its savings? If it can, there is no necessary under-consumption or over-production. We can get no answer from this

book, as the writers have not put their abstract conceptions into helpful forms—see the violent assumption on page 300, where the savings of one year mature the next year into 110 per cent of consumers' goods.

A few words as to the statistics cited. The writers assume them confirmatory if they show that production at full creates a surplus of goods which cannot be sold with profit to the producers. That is a rash assumption, I think, to apply to any one stage of a society that normally lives through violent oscillations. Profits are so much a matter of the changing adjustments of the increases and decreases of prices rather than of static levels. But rash or otherwise, I fail to see that their own statistics confirm their assumptions. Their statistics are Delphic, they tell a story which is different from the one the writers hear. The charts on page 386 tell the writers various things; but they only tell me of wrongly assumed normals. Inverse correlation between stocks and production with no apparent lag of one to the other, as shown on page 388, do not tell me of over-production at the peaks of production. The other statistics, likewise, give inconclusive results. Perhaps the matter cannot be settled statistically where it is so much a case of business men acting on their expectations of a future.

The consumer, then, is not proved guilty; I do not say he is entirely innocent. But so much more of a case can be made against other parties. Against the distributors: does anyone doubt that the prosperity of 1919-1920, the depression of 1920-1921, would both have been vastly different if all manufacturers of consumers' goods had sold direct to the ultimate consumers? Against the producers of producers' goods, those "prince and pauper" industries; against the movement of securities; against the fluctuations of the rates of interest. Here we are in the presence of forces enormous and widely variable. Why pick on the ultimate consumer, who wants his three meals every day, who wants his two suits every year and who wants a little anthracite in his cellar?

O. INGRAHAM.

Massachusetts Institute of Technology.

Capitalist Enterprise and Social Progress. By MAURICE DOBB. London School of Economics and Political Science Studies, no. 81. (London: George Routledge. 1925. Pp. x, 409.)

This interesting study is original in the best sense of the word: it presents a fresh view of much discussed material, and yet the new analysis is so carefully tied into the existing body of doctrine that one is scarcely conscious of the essential novelty of the primary positions. New results have been made possible by a happy combination of theoretical and historical analysis, a mode of approach already well estab-

lished in socialistic literature, but quite fresh to writing outside of the socialistic schools. The purpose of the book will be best appreciated if we consider briefly the outstanding theses.

"Profit," says Mr. Dobb, "is a principal species of monopoly gain, a surplus which the man of good fortune can enjoy, because he shares this good fortune only with a few" (p. 113). He uses the term monopoly in a somewhat wider sense than is common; for, in addition to the recognized types, it includes limitations in the "supply of educated ability" which are due to the influence of social institutions. This type of monopoly, called by Mr. Dobb institutional monopoly, has been in his opinion largely neglected in the formal analysis of classical economists. Neglect has been due in large part to the attempt to formulate a theory of value and distribution based upon the hypothesis of free competition. But it has also been fostered by the tendency to concentrate attention upon the functional elements underlying this share in the social income. Mr. Dobb develops the analysis of the supply price of entrepreneurs that was begun by Marshall. This leads to a study of the conditions affecting the supply of entrepreneurs; and it is at this point that the influence of social institutions becomes so clearly apparent. Profits will be influenced both by the minimum supply price and by the "facility or response of supply." A large "facility of supply" means that specific increases in the supply price above the minimum call forth large numbers of new entrepreneurs; and conversely a small "facility of supply" means that a given increase in the supply price summons only a small number of new entrepreneurs. Mr. Dobb holds that in a capitalist society the minimum supply price is relatively high and the facility of supply relatively small. The minimum supply price must exceed the earnings on passive investment; it must cover also the outlays on education and training, and must likewise offer some special compensation to offset the uncertainty of the return. The facility of supply is small because the number of potential entrepreneurs is restricted within relatively narrow limits by a number of highly diversified factors; the scarcity of natural ability; the obstacles created by the expense of training; the necessity of possessing capital and influence in order to start an enterprise; the restriction of the knowledge of the best opportunities to a relatively small group; the intrenchment of vested interests by legal privileges.

Mr. Dobb does not regard monopoly as necessarily sinister: to a greater or less extent it may be in harmony with the general interest. Without neglecting the predacious tendencies of monopoly so commonly emphasized, he points out its constructive achievements. A limited measure of monopoly is more favorable to innovation than a condition of free competition among a large group of small entrepreneurs. The large entrepreneur with elements of monopoly power is better able to

face the uncertainties inherent in an important change, and better able to effect a substantial rearrangement of resources. Little is made in the text of the influence of patents and franchises in the history of technical advance. Perhaps these aspects of monopoly control were deemed too obvious to need emphasis.

Considerable importance is attached to the discrimination of three modes of organizing the entrepreneur function. First, it "could be fulfilled by a large number of small independent producers, connected by a number of independent middlemen who operated with fairly small capitals and were in free competition with one another" (p. 42). "Second, the entrepreneur function might be performed by agents of the community, who operated with communal resources on the community's behalf" (p. 45). Lastly, the functions of the entrepreneur may be discharged as in present day society, by an "employing class on a higher income level than the rest of the community." These types are given the names: classless individualism, communism, capitalist undertaking. It is intended that these categories should all be realistic categories which have, or may have, a concrete manifestation in history. In the historical chapters, an attempt is made to identify the category of classless individualism with the economic life of the early English towns. The difficulties of making this application by no means escape the author; but they are even more serious than he seems to realize. There is a manifest improbability in describing a single fragment of an essentially feudal society as "classless." It may be that the towns were for a short time composed of such a homogeneous population that they might be deemed to constitute a single class; but the town cannot properly be isolated and described as a society. The old concept of the "town economy" is doubtless responsible for this putting of a part for the whole in Mr. Dobb's analysis of early conditions. The state of "classless individualism" must be regarded as a pure abstraction: it is the hypothetical society to which the abstract economic theory of the classical economists was applied. Mr. Dobb rightly insists that such a society must not be confused with the capitalistic society of the present day. "To draw one's assumptions, as did the classical economists, from a state of classless individualism and then to apply them to a system of capitalist undertaking is to commit a grave fault; for in the former system the extent of monopoly and advantage will be so small as to be virtually negligible, while in the latter system it will constitute the principal feature" (p. 143).

In the analysis of modern classes, Mr. Dobb happily breaks away from the socialists' tradition which has for so long identified the capitalists with the middle class. He distinguishes the large from the small entrepreneurs and takes the position that the characteristic problems of the capitalist class are confined to the relatively small group of

large entrepreneurs; they constitute a sort of upper class, which takes the place in society formerly occupied by the landed aristocracy. The professions he places in a separate category; but he assumes them to be necessarily distinct. The large entrepreneurs are increased in numbers chiefly by movements into that group from the professions. He assumes that there is little vertical movement into the large entrepreneur class from below.

The brilliance of this new grouping of the classes is most strikingly emphasized by the characterization of the "middle class":—a "motley collection of groups" without "spiritual unity" whose name plays "the same roll that the label 'miscellaneous' plays for the baffled cataloguer" (p. 133).

For Mr. Dobb, therefore, capitalist society is no longer to be divided into the three classes recognized by the socialists: the nobility, the middle class, and the proletariat. The analysis of class is carried into sufficient detail to give it genuine meaning.

Such, in brief, are the main theses of the first part of the book: eleven chapters, devoted to analysis. A second part, of about equal length, is given to a historical sketch of the development of monopoly and capitalist enterprise. It is a valuable addition to the text; but detailed discussion would require more space than is at our command. At the close, three chapters are devoted to a discussion of the problems of economic control. The collective régime proposed by socialists is shown to involve serious dangers of elementary error in adjustment of production to costs; war experiences furnish much illustrative material, which is analyzed with great care. Classless individualism, the Utopia of the Manchester liberals, is shown to involve serious miscalculations of production and inevitable waste. The doings of the capitalist entrepreneur, however, are viewed with little confidence. He has accomplished some good, but he may also be an obstacle to the welfare of society. Mere regulation by the state cannot be presumed to be of certain value, as long as the influence of business on state activity is so substantial. It is Mr. Dobb's purpose to define the essential problem of control rather than to suggest any particular solution; above all he is anxious to destroy all confidence in the formulae and catch-words of competitive theory. It is not a new enterprise; but he has approached it with a mind unbiased by conventions, and he has added materially to the difficulties of those who may still wish to cherish a complacent optimism.

ABBOTT PAYSON USHER.

Harvard University.

NEW BOOKS

AMONN, A. *Grundzüge der Volkswohlstandslehre.* Teil I. (Jena: G. Fischer. 1926. Pp. vi, 403. M. 18.)

ARNST, P. *August Thyssen und sein Werk.* (Leipzig: G. A. Gloeckner. 1925. Pp. 80.)

BARNES, H. E., editor. *The history and prospects of the social sciences.* (New York: Knopf. 1925. Pp. xxi, 534. \$5.)

This is undoubtedly a most significant contribution to social science, viewed as a whole. It treats of the history and immediate outlook of various social sciences (listed below), and, space considered, contains with occasional exception, some of the best summaries of the respective fields that have been written. There are ten chapters by as many scholars on the following:

(1) "History" by Harry Elmer Barnes; (2) "Human geography" by Jean Brunhes; (3) "Biology" by Howard Madison Parshley; (4) "Social psychology" by Kimball Young; (5) "Cultural anthropology" by Alexander Goldenweiser; (6) "Sociology" by Frank Hamilton Hankins; (7) "Economics" by Karl Worth Bigelow; (8) "Political science" by James Walter Shepard; (9) "Jurisprudence" by Roscoe Pound; and (10) "Ethics" by Robert Chenault Givier.

The chapter by Mr. Bigelow,—of most interest to economists,—is characterized by a high level of scholarship, maturity of interpretation and sound judgment. A fine sense of proportion is its outstanding feature, due in part, no doubt, to the influence of Professors Allyn A. Young and C. J. Bullock, to whom the author readily admits his indebtedness in the first footnote.

Sixteen pages are devoted to the development of economic thought before Smith; a dozen pages are given to the Classicalists; as many more to the Socialist Reaction and eighteen to "The leading trends in modern economics." Under this last heading, the Romanticists, the Nationalists and the German Historical School come in for the usual elucidation and criticism. Other realists given summary treatment are the Social Catholics, Syndicalists, I. W. W.'s, and Solidarists. Under "The revival of abstraction" there is an excellent review of the appearance of hedonism and of the contribution of the mathematical, psychological and eclectic groups, while in the last section on "The prospect of economics" is to be found a careful elaboration and estimate of the point of view of the Institutionalists.

This is indeed a brilliant fabric that Mr. Bigelow has wrought; one important thread of influence leads to his teachers; another can be traced to Gide and Rist or to Ingram or to Gonnard; while another leads to German relativism; yet another adds a touch of Muelleristic Romanticism; and still another of Spannische universalismus," not to forget, of course, the fundamental basis or warp of Classical "atomism." The readable chapter on ethics will be found profitable by those economists interested in norms and sanctions of conduct; while those concerned with the relation of law to economics will find much of value in the contribution of that great leader in the field of sociological jurisprudence,—Roscoe Pound. On the other hand, scholars who have given attention to population problems will see the merit in Professor Parshley's chapter on the history and prospects of biology.

NORMAN E. HIMES.

BASCH, A. and DVORÁCEK, J. *Austria and its economic existence.* (Prag: Orbus Publishing Co. 1925. Pp. 106.)

BERNARD, L. L. *An introduction to social psychology.* (New York: Henry Holt. \$4.)

BERNHARD, D. *Volkswirtschaftliche Aufsätze.* (Berlin: Strauss & Bernhard. 1926. Pp. 146.)

BÖHM-BAWERK, E. *Kleinere Abhandlungen über Kapital und Zins.* Vol. II. (Wien: Hölder-Pickler-Tempsky. 1926. Pp. viii, 585. M. 18.)

BOND, J. H. *Industrial influence on the psychology of Jesus: a study of the origin, processes and results of psychological conflict in His ethical struggle.* (Boston: Badger. 1925. Pp. 155. \$2.)

BYE, R. T. *Questions and exercises on the "Principles of Economics."* (New York: Knopf. 1925. Pp. vii, 105.)

CAMPBELL, C. G. *Common wealth: a study in social philosophy.* (New York: Century Company. 1925. Pp. xii, 472. \$3.)

Mr. Campbell is concerned with the uses man makes of the economic system which he has created. His analysis of our natural and artificial economies is introductory to a discussion of the distribution of wealth. He argues for minority control on the ground of superior efficiency. He thinks that it leads to "maximum production, the derivation of maximum true and permanent benefit, and the maintenance of high standards of human character and increases in the knowledge of truth." He calls for more philanthropic action on the part of our business men.

Not unmindful of our present situation, Mr. Campbell sees approaching an economic crisis. But he believes that we shall be saved by the benevolent attitude of the masters of capital and the captains of industry; for by that time, wealth will be treated as "a common possession, designed for common ends and for advancing a great racial purpose, benignly administered by the more intelligent minority with the correct coaction of the majority."

This book is weakened by superfluous terminological analyses. Its philosophy is at times commonplace and on other occasions vague.

MAURICE G. SMITH.

CASSEL, G. *Fundamental thoughts in economics.* (New York: Harcourt, Brace & Co. 1925. Pp. 153.)

CASTENHOLZ, W. B. *La Salle income tax manual.* (Chicago: La Salle Univ. Press. 1926. Pp. 150. \$3.)

ELDRIDGE, S. *Political action, a naturalistic interpretation of the labor movement in relation to the state.* (Philadelphia: Lippincott. 1924. Pp. xviii, 382. \$2.)

One of the reasons for the lack of political progress is our tendency to regard "the individual and the social group as ethical agents which ought to attain certain ends" rather than "as natural agents which act in a more or less determinate fashion." In this excellent analysis of political action, Eldridge presents the factors of the naturalistic method (the hereditary and conditioned human traits, the physical environment, and elements of culture) and their various interactions in specific political problems. Eldridge subscribes in large measure to the somewhat-questioned instinct theory of motivation,—fostered by Carleton Parker, Tead, and others,—but presents very cogently in his concluding chapter

the reasons for his position. Whatever one's views or the truth about the psychological basis, this book has much to offer of practical value in its originality, logic, and sanity.

C. L. STONE.

FORCHER, H. *Die österreichische Volkswirtschaft.* (Wien: Volksbund-verlag. 1926. Pp. 80.)

GARGAS, S. *Geschichte der Nationalökonomie im alten Polen.* (Berlin: R. L. Prager. 1925. Pp. 154. Rm. 7.80.)

GARRETT, G. *Ouroboros or the mechanical extension of mankind.* (New York: E. P. Dutton. 1926. Pp. vii, 101. \$1.)

GONNARD, R. *Histoire des doctrines économiques.* Vols. I, II and III. (Paris: Nouvelle Librairie Nationale. 1921, 1922, 1922. Pp. 292, 319, 365. 10 fr., 10 fr., 15 fr.)

This stimulating and interesting history of economic doctrines, which has been written for the "educated but unspecialised public," traces the development of economic thought from Greek antiquity up to our days. The first volume is devoted to a study of Greek, Roman, mediaeval, and mercantilistic economic theory; the second takes us through physiocratic and classical economics; the third treats of socialism in the nineteenth and twentieth centuries and of the "realistic schools" with chapters on Sismondi, Dupont White, List, Raymond, Le Play, the historical and psychological economists.

Professor Gonnard has followed the usual procedure of authors of works on the history of economic doctrines and has not projected the theories examined against a background of historical fact. The biographies which accompany the exposition of the theories of the principal economists are much too brief. Thus, the doctrines seem lifeless and lack the reality which a certain amount of judiciously chosen historical and biographical material would have lent them.

The division of material and the treatment of the doctrines is novel and interesting in many respects: especially so is the exposition of the socialist doctrines. Professor Gonnard brings out with much clearness and force the fact that the goal of both individualistic and socialist economics is the welfare and happiness of the individual; that socialism contemplates a large development of the role of society as a means to this end while, for individualistic economics, the goal as well as the means are the individual. Thus, the apparent differences between economic individualism and socialism reduce themselves to a fundamental difference of means; the disputes of the two groups are largely in the nature of "family quarrels" and center in three principal points: property, organization, and inequality. The author's treatment of these points, as well as his treatment of socialism in general, will aid in dispelling certain popular and current misconceptions as to the relations between economic socialism and individualism.

The chapter on "socialism of movement" or "socialism without a program," discusses the extent to which the socialists have been able to profit by their mistakes, or by what some people call experience, and indicates the part which the conservative economists have played, through their attacks on socialism, in the development of the socialistic theory.

MAX J. WASSERMAN.

GROSSMAN, H. *Sismondi de Sismondi et ses théories économiques.* (Varsovi: Bibliotheca Universitatis Liberae Polonae, 8 rue Sniadeckich. 1924. Pp. 77.)

GÜNTHER, A., and others. *Verhandlungen des vierten Deutschen Soziologentages.* (Tübingen: Mohr. 1925. Pp. 241. M. 8.40.)

Two discussions, one dealing with the relations of sociology and social policy and the other with science in relation to social structure. In the latter is a brilliant paper by Max Adler of Vienna defending Marx from the accusation of crude materialism.

HASEK, C. W. *The introduction of Adam Smith's doctrines into Germany.* Studies in History, Economics and Public Law edited by Columbia University. Vol. CXVII, no. 261. (New York: Columbia University Press. 1925. Pp. 155.)

The matters that constitute the subject of this dissertation have been covered in such detail by various German writers that it would be difficult to add anything to the existing body of knowledge. Much of this German work, however, is ill known to most English readers, and a large part of it is inaccessible save in the larger libraries. Professor Hasek's study is thus a welcome addition to our resources. The liberal movement in Hanover and Prussia is traced in detail and carefully related to the social and economic conditions of the time. There is a good chapter on the administrative and economic conditions of the eighteenth century, and an interesting chapter on the statesmen of the reform period and the reform edicts. The volume will be especially welcome to those who have classes in need of reading material in English.

A. P. U.

HAWTREY, R. G. *The economic problem.* (New York: Longmans, Green. 1925. Pp. xii, 417. \$3.75.)

HIRSCH, J. *Grundriss der Sozialökonomik.* Part V, section 2. *Der Moderne Handel.* (Tübingen: Mohr. 1925. Pp. 328. M. 16.)

A continuation of the large work on *The Outlines of Social Economics.* This part treats of modern business in its national and international dealings.

HOBSON, J. A. *Free-thought in the social sciences.* (New York: Macmillan. 1926. Pp. 288.)

HOLLANDER, J. H. *Economic liberalism.* (New York: Abingdon Press. 1925. Pp. 197. \$1.50.)

These six lectures were delivered at Wesleyan University as the seventh series on the George Slocum Bennett Foundation. The author demonstrates here again his well-recognized talent, hardly to be equalled, in this style of semi-popular exposition of economic subjects. Flowing, felicitous, abounding in epigrammatic phrases, at times marked by an eighteenth century graceful formality; the literary expression is never lacking in a certain dignity and elevation, the more admirable and unwonted in a day of jazz and slang.

This little book is a confession of the author's own economic and political philosophy. He first points to the almost woeful lack of logic and consistency, in the division of issues and of personal supporters, marking the present two-party system in America. As a chastened and

somewhat disillusioned Progressive of 1912 he hesitates to express his belief whether a re-arrangement of issues and of the electorate "will take the form of a stratification of existing parties or of a formation of an independent party..... But be it by penetration or by frontal attack, the issues between liberal and conservative opinion in economic and social affairs must inevitably modify American party division." Frankly and fully identifying "economic liberalism" with his own views on pending economic questions, he describes it as a "reasoned dissent from a prevailing order" and as belief "that social well-being is capable of direct treatment." He then discusses (rather as illustrating than exhausting the contrast between liberalism and conservatism) four outstanding issues at the present time: the price level, taxation, trade unionism, and social reform.

The author sets forth the facts as to the changes in the price level, particularly between 1913 and 1924, and describes vividly the evils of a fluctuating standard. Evidently identifying "conservatism" in this case with the attitude of the typical active business enterpriser, rather than with that of the conservative passive capitalist, he declares that conservatism favors rising prices, whereas liberalism favors stability. Then he rejects as merely academic (whatever merit he concedes it to have in the abstract) the compensated dollar plan favored by I. Fisher, and trusts rather to the power of the Federal Reserve Board to bring about, or to maintain, any chosen level of prices. Recognizing, however, (in a passing phrase) that a continuing influx of gold may "divest the Federal Reserve system" (presumably by exhaustion of its earning assets) of its control over credit conditions, he would next replace all the paper-elements in circulation with gold (or gold certificates) and, in the last resort, would impose an embargo upon gold imports. One may well ask whether these measures are not fraught with as great administrative difficulties, in the long run, as is the plan of the compensated dollar. There is no hint of the ultimate difficulty of controlling the world level of gold prices coming from conditions of gold production.

In matters of taxation the author stands sturdily and argues ably for the maintenance of the income tax rates on the higher schedules (then under discussion but since reduced) and opposes greater reliance upon indirect taxation. He defends almost unreservedly the policies of trade unions, especially the closed shop, and argues against the use of the injunction in labor disputes. Under "social reforms" he favors minimum-wage and child-labor legislation, admitting the recent reaction of public opinion, but with a firm belief that in such matters of "social reform, there can be no such thing as defeat." In the final chapter on "The American spirit" the author takes courage from the progress and broadening outlook of organized labor, and finds new hope in the greater concern for popular welfare felt by religious groups, and in the increasing vigor shown in economic studies.

At some points the author assumes, perhaps too fully, that in matters of public policy he voices the opinions of all academic economists, and speaks authoritatively for all "liberalism." But all in all this is a book of the heart as well as of the head, with much of broader social sympathy and little or nothing of class prejudice.

FRANK A. FETTER.

JONES, T. *Economic theory and practice*. (London: P. S. King & Son. 1926. Pp. 156. 5s.)

KNAPP, G. F. *Einführung in einige Hauptgebiete der Nationalökonomie*. (München and Leipzig: Duncker & Humblot. 1925. Pp. 390.)

LAMPRECHT, A. *Die Kausalität der Volkswirtschaft*. (Halle: Buchhandlung des Waisenhauses. 1925. Pp. xii, 108. Rm. 7.50.)

LINDSAY, A. D. *Karl Marx's capital, an introductory essay*. (New York: Oxford Univ. Press. 1925. Pp. 128. \$1.)

MEERWARTH, R. *Nationalökonomie und Statistik: eine Einführung in die empirische Nationalökonomie*. Handbuch der Wirtschafts- und Sozialwissenschaften in Einzelbänden, Band 7. (Berlin and Leipzig: Walter de Gruyter & Co. 1925. Pp. xii, 506. Rm. 15.)

MARX, K. *Histoire des doctrines économiques*. Vols. IV and V. Translated by Moliter. (Paris: Costes. 1925. Pp. 320, 179. 8 fr. each vol.)

MUKERJEE, R. *Groundwork of economics*. (New York: Longmans, Green and Co. 1925. Pp. viii, 217. \$1.80.)

Professor Mukerjee has attempted in this volume to introduce the beginner and the general reader to the social and economic problems of India. The emphasis is upon institutions and customs rather than upon theory, though there are short passages concerned with elementary theory. The material requires a rather different distribution of space than would be found in a volume of similar purpose prepared for American readers. Village life and agriculture claim the major part of the volume. For this reason, the material has a freshness and a value that would scarcely be expected. The purpose compels brevity of statement; but the description and analysis contains much of substantial sociological value.

The following topics are discussed: the problems of village life; the types of village organization; the food problem and the standard of living; the distribution of agricultural income; the rise of big business; labor problems.

A. P. U.

PESCH, H. *Lehrbuch der Nationalökonomie*. Band 2. (Freiburg: Herder. 1925. Pp. xiv, 737.)

—. *Lehrbuch der Nationalökonomie*. Band 3. (Freiburg: Herder. 1926. Pp. xi, 853.)

ROBSON, W. A. *The relation of wealth to welfare*. (New York: Macmillan. 1925. Pp. 176. \$2.25.)

Mr. Robson's theme is that wealth expressed in terms of money, is no adequate measure of human welfare. He has four "variations on the theme" entitled health, art, work and education. He assumes that his readers will concede these things to be essential elements of welfare and will thus deliver him from the necessity of discussing the welfare concept in terms of ultimate values. Large income, says Mr. Robson, does not assure a person good health, nor the capacity to produce or appreciate works of art; it fails to guarantee satisfying work or desirable status; and further, private income and private enterprise have failed to provide an adequate educational service for the young.

There are several sub-themes running through the argument. These are all expressed explicitly in the final chapter entitled "Concord." The power of private income to increase the welfare of its possessor is strictly limited. No matter how great his wealth, his welfare must largely depend upon the standards which the community enforces through collective action. This is as true of standards of hygiene as of civic architecture. Economists, with a few notable exceptions, have clung to the idea that the "pecuniary calculus" is the only fit and proper measure of economic activities. But for Mr. Robson, economics is concerned with human welfare and its attainment; and he finds a great need for a more accurate picture of the various elements of human welfare.

HARVEY CASSIDY.

SELIGMAN, E. R. A. *Essays in economics*. (New York: Macmillan. 1925. Pp. ix, 394.)

A collection of scattered writings which have previously appeared in scientific journals, reports of government commissions, and as chapters in jointly edited books. These reprints fall into three groups: contributions to the history of economic doctrine, including "Continuity of economic thought," first published in 1886, "Owen and the Christian socialists," "On some neglected British economists," and "Economics in the United States; an historical sketch." This latter was in part written for *The Cambridge History of American Literature*, published in 1921, and in part for "Economic Science in the United States," written for the Jubilee volume to commemorate Professor Brentano's eightieth birthday, 1925.

The second group deals with problems of economic theory, which embrace "An economic interpretation of the war," "Economics and social progress," "Social aspects of economic law"; and the third group deals with questions of economic policy such as "Railway tariffs and the interstate commerce law," "The immigration problem," and "The social evil." To these have been added a popular lecture on "The economic problems of the modern dentist," originally published in *The Dental Outlook* in 1924, and two addresses on "The real university," delivered in 1916 and "The American Association of University Professors," 1921.

TUGWELL, R. G., MUNRO, T. and STRYKER, R. E. *American economic life and the means of its improvement*. (New York: Harcourt, Brace & Co. 1925. Pp. xiv, 633. \$4.50.)

It is encouraging to see that an increasing number of teachers of economics see the futility of the old, standardized course in elements of economics. Concerning the conventional manner of teaching this course, the authors say: "We hope for it (*American Economic Life*) naturally, that it will find its way into the hands of students who are beginning their study of economics and whose teachers feel that this introduction ought not be made by the studying of principles. In no field has this method of beginning teaching been more widespread and more deadly. It completely reverses the normal method by presenting generalizations first, and ones, at that, which are hardened into abstract laws, neglects almost entirely the descriptions of institutions, and uses practical life only for some few supporting illustrations. We, at least, do not commit these crimes."

This book was written originally to furnish the description and the

setting of problems in the course "An introduction to contemporary civilization," given coöperatively by the departments of history, philosophy, government and economics at Columbia College. For this function, the book was privately printed and used in the spring of 1925.

Starting with the assumption that theoretical generalizations are meaningless to beginners in economics, the authors devote about 100 pages to a description of various present standards of living. Here are chapters on rural poverty, urban poverty, comfort, and riches, with interesting and informative selections from books of some literary merit. The rest of the book is devoted, pragmatically, to the problem of raising the standards of living, (the authors speak of "levels" of living) by various means: by increasing farm and industrial production, by making rural life and urban life more satisfying, more healthful and more pleasant, by securing a just apportionment of income, by making a more rational use of income, and by adopting comprehensive schemes for social reorganization, as through socialism or coöperation. *Our Economic Life* covers somewhat the same ground that is covered by most texts in economics, although the authors make free use of data of various kinds, particularly data from sociology, psychology and philosophy. They do not evade the social and philosophical implications of some of our economic doctrine. The book is well written, and profusely and pertinently illustrated.

American Economic Life will, of course, meet criticism. It will be criticized by some on the ground that it does not devote enough attention to fundamental principles. Some will find the discussion of rationality in the use of income indefinite and unsatisfactory, and others will point out that the authors have failed to present as thoroughly consistent a picture and philosophy as a single writer might have produced. Nevertheless, this book will doubtless be used widely, and will mark a definite step in advance of the conventional, cut-and-dried preliminary course in elements of economics.

JOHN ISE.

Economic Society of South Africa: Proceedings of Conference, Johannesburg, July, 1925. (Johannesburg: Economic Society of South Africa. 1925. Pp. 85.)

Contains articles on "The study of economics," by R. A. Lehfeldt; "Limitations of state enterprise," by F. C. Sturrock; "Marketing of agricultural produce," by J. F. H. Grosskopf; "Railway rate policy," by R. A. Lehfeldt; "Taxation," by J. W. Jagger; "Economic factors in agriculture," by A. P. v. d. Post; and "Coöperation and competition in the marketing of maize in South Africa," by H. Frankel.

Handwörterbuch der Staats- Wissenschaften. (Jena: G. Fischer. 1926.)

Economic History and Geography

The Development of the Organisation of Anglo-American Trade 1800-1850. By NORMAN SYDNEY BUCK. (New Haven: Yale University Press. 1925. Pp. xii, 190. \$2.50.)

Although the several economic histories of the United States which have appeared in the last few years have sketched in general terms

our economic development, they have added little to the detailed knowledge of the subject. The surface of American economic history has barely been scratched; and there is a crying need for the kind of intensive monographic work which Professor Buck has done here. This study is of particular interest to two groups of students, those concerned with the technique and development of business organization and those interested in general economic history. It is an investigation of the methods of buying and selling goods entering into the trade between the United States and Great Britain at the opening of the nineteenth century, and an effort to trace the developments and modifications in these methods throughout the period 1800-1850.

The outstanding feature of the monograph is its concreteness; and whatever values are to be found in concentrating upon a few aspects of the topic are here exemplified. Ignoring such topics as insurance, transportation, communication and commercial policy, the author has directed his attention to the agencies immediately concerned in buying and selling, in particular to the activities of the importing and exporting merchant, the commission merchant, and the broker. He further limits himself to the marketing of American raw cotton and British manufactured goods. The study opens with a chapter on the agencies of trade, followed by two chapters on the marketing of American raw cotton. The second half of the work comprises three chapters on the trade in British manufactures developed chronologically, with the breaking points at 1815 and 1830. This effort at concreteness is commendable because the lack of easily available source material is a constant temptation to generalization and diffusion. Furthermore, some compensation is to be found in the almost simultaneous appearance of W. F. Galpin's *Grain Supply of England During the Napoleonic Period*, which covers certain other aspects of British commerce during part of the same era; and it is hoped that others will be impelled to continue investigation into this field. Limited as is the ground covered by this study, Professor Buck's work has considerable significance; for it covers an epoch in English history in which revolutionary changes were being effected in the technique of production, transportation and banking, an age in which the increased volume of goods handled necessitated a reorganization of existing methods and an adaptation of them to modern conditions. Furthermore, the Anglo-American trade of the period was large, English goods comprising 40 per cent of American imports, and American products after 1835 forming an important part of English imports.

To the student of American economic history the work in one respect is disappointing. Owing partly to the fact that the operations of the manufacturer and middleman were largely centered in England, and partly to the greater light thrown on these operations by the various

parliamentary reports, considerably more space is given to the British than to the American phase. With the exception of the chapter on the organization of the American cotton trade and some fifteen pages on the auction system, little attention is given to the American end. The treatment of the auction adds little to R. B. Westerfield's *Early History of American Auctions—A Chapter in Commercial History*, except in bringing out more definitely the influence of the rapid development of the English factory system upon the methods of marketing. The chapter on the organization of the American cotton trade, on the other hand, has real importance. Economists and economic historians have written extensively of the southern cotton plantation and the rise and development of the English cotton factory. Practically nothing has been done to trace the movement of the cotton between the field and the factory. In filling this gap Professor Buck has made a distinct contribution. There are many points of detail, such as the relationship between bank speculation in cotton and the panic of 1837, concerning which we should be glad of fuller development; but we are thankful for what has been done.

The study is characterized by clarity of expression and orderly presentation, a quality which helps the reader to catch without difficulty the striking development of factors, brokers, commission merchants and other middlemen in those early days of the factory system when the comparative smallness of the transactions would seem to obviate the necessity of such middlemen. Astonishing, also, was the complicated extension of credits, the whole illustrating in most interesting fashion the financial power of the merchant class as it persisted long after the rise of the factory system.

HAROLD U. FAULKNER.

Smith College.

NEW BOOKS

BALDWIN, F. E. *Sumptuary legislation and personal regulation in England.* Johns Hopkins University Studies in Historical and Political Science. (Baltimore: Johns Hopkins Press. 1926. Pp. vii, 282.)

Documented monograph covering English history since 1327; with a bibliography of three pages.

BASSETT, J. S. *The southern plantation overseer as revealed in his letters.* Smith College fiftieth anniversary pubs. (Northampton: Smith College. 1925. Pp. vii, 280. \$3.50.)

BERGMANN, C. *Der Weg der Reparation.* (Frankfurt a. M.: Frankfurter Societätsdruckerei. 1926. Pp. 409. Rm. 15.)

BOZI, A. and SARTORIUS, O. *Die Deutsche Wirtschaft.* (Berlin: Reimar Hobbing. 1926. Pp. 528. Rm. 24.)

BRUTZKUS, B. *Agrarentwicklung und Agrarrevolution in Russland.* (Berlin: H. Sack Verl. 1925. Pp. 249.)

BURLAND, E. G. *The trend of economic restoration since the Dawes reparation settlement.* Internat. Conciliation no. 215. (New York: Carnegie Endowment for International Peace. 1925. Pp. 36.)

CARVER, T. N. *The present economic revolution in the United States.* (Boston: Little, Brown. 1925. Pp. viii, 270. \$2.50.)

CURTH, H. *Literatur über das Reparationsproblem.* Weltwirtschaftliches Archiv, 23 Band, Heft 1. (Kiel: Institut für Weltwirtschaft und Seeverkehr an der Universität Kiel. Jan., 1926. Pp. 38.)

DAS, S. K. *The economic history of ancient India.* (Howrah: S. K. Das. 1925. 3 Rs.)

FATEH, M. K. *The economic position of Persia.* (London: P. S. King & Son. 1926. Pp. vii, 98. 6s.)

Chapters on agriculture and irrigation, mineral resources, oil industry, manufactured articles, communications, finance and banking, commerce and trade.

FOSTER, W. *The English factories in India, 1605-1667.* (New York: Oxford. 1925. Pp. 362. \$6.)

GADGIL, D. R. *The industrial evolution of India in recent times.* (London: Oxford University Press. 1924. Pp. xix, 242.)

Written as a thesis for the degree of Master of Letters at Cambridge University, it is a sketch from the middle of the last century to the beginning of the war in 1914. Describes the agricultural industry, the decline of handicrafts, railways, growth of towns, and the organization of urban industry. There is a bibliography of nine pages.

GULLEY, E. E. *Joseph Chamberlain and English social politics.* Columbia University studies in history, economics and public law, vol. CXXIII, no. 1. (New York: Longmans, Green. 1926. Pp. 340.)

GUYOT, Y. *L'encerclement bolchevik en Asie et en Afrique.* (Paris: Librairie Felix Alcan. 1926. Pp. 22.)

HAMILTON, H. *The English brass and copper industries to 1800.* (New York: Longmans, Green. 1926. Pp. 415. \$6.)

HAMMOND, J. L. and HAMMOND, B. *The rise of modern industry.* (New York: Harcourt, Brace. 1926. Pp. xi, 281. \$2.75.)

HART, A. B. and SCHUYLER, W. M., editors. *The American year book: a record of events and progress for the year 1925.* (New York: Macmillan. 1926. Pp. 1198. \$7.50.)

JONES, W. D. and WHITTLESEY, D. S. *An introduction to economic geography.* Vol. I, *Natural environment as related to economic life.* (Chicago: Univ. of Chicago Press. 1925. Pp. xxxvii, 604. \$5.)

This substantial volume is the first in a series of two volumes which, taken together, are "calculated to cover the principal facts of world economic geography, and to establish the fundamental principles of the science." It is intended for senior high-school work or for the beginning college course.

The make-up of volume I—*Natural Environment as Related to Economic Life*—is unique, and represents what, apparently, is a new de-

parture in the presentation of the subject of economic geography. Regional geography is the "goal" which the authors had in mind during the work of preparing this study; and the volume undertakes to cover, in succession, types of each important environmental factor of importance to mankind, and to point out, rather definitely, ways in which environmental conditions influence human life especially on its economic side.

Part 1 (pp. 1-100) consists of "exercises" arranged for the purpose of giving the student "practice in investigating, correlating, and assimilating data." This is stated by the authors to be the core of the book. Numerous topics are presented for investigation, etc., and there is added a series of questions set for the topic in question. There is a grouping of the topics into chapters, each of which represents a comprehensive world-survey of a single factor in the environment of mankind or a group of rather intimately related factors. There are seven chapters in Part 1 dealing respectively with the scope of economic geography; climate and natural vegetation; land forms and soils; bedrock and mineral deposits; ground and surface waters of the land; oceans and their coasts; and shape, size, and location as elements of the natural environment. Varying amounts of space are given over to these topics, of which climate and natural vegetation and land forms and soils naturally are featured more extensively than certain other topics.

Part 2, entitled "Textual materials" (pp. 101-362) embraces items of information covering not only a single viewpoint of a subject but also a more general and comprehensive discussion of certain topics considered. The text material is largely new; but some of it is taken from previously published volumes by authorities in special fields of study. In general the purpose of the textual material is to give the student a knowledge of actual conditions in various parts of the earth regarding the subject under consideration.

Following the index, which represents eleven pages added immediately after the textual matter, is Part 3 (377-604) entitled "Illustrations," consisting of diagrams, photographs, graphs, maps, etc., in great variety. The illustrations are an important part of the volume, designed to supplement the other parts of the book; they are well-chosen and of high grade.

In undertaking the study of any topic in Part 1, it is expected that the student will "work through the appropriate exercise, *answering to the best of his ability each question before passing on to the next*. References to maps, diagrams, photographs, and textual materials are inserted at the points where their use will facilitate solution of the problems. This study of the questions will lead the student into and through his preparation. It will give him training in investigating, correlating, and assimilating data; it does not give him mental provender predigested. The illustrations are even more important in this study than the textual materials. Therefore users of the book are cautioned against relying on the text matter for answers to the questions. The geographic facts to be gleaned from a study of the photographs are suggested in the questions rather than in the accompanying titles, which are given chiefly for purposes of identification."

It is difficult to form an estimate of the volume from the standpoint

of its usability in the classroom. It has been tested, however, for a period of approximately ten years in classes in geography in the University of Chicago and has been used there, apparently, with highly satisfactory results. This augurs well for its probable success elsewhere. It will be interesting, however, to see how a volume which represents such a departure from the usual type will be received by geographers.

A. L. BISHOP.

KENDE, O. *Chile. Landeskundlich-wirtschaftsgeographische Übersicht.* (Hamburg: Hanseatische Verlagsanstalt. 1925. Pp. 128. Rm. 2.)

KROKER, E. *Handelsgeschichte der Stadt Leipzig. Die Entwicklung des Leipziger Handels und der Leipziger Messen von der Gründung der Stadt bis auf die Gegenwart.* Beiträge zur Stadtgeschichte, VII. (Leipzig: Walter Bielefeld. 1925. Pp. 339. Rm. 12.)

KUCZYNSKI, R., editor. *Deutschland und Frankreich, ihre Wirtschaft und ihre Politik.* Series 1. (Berlin: R. L. Prager. 1926. Pp. 265. M. 9.)

LEWIN, E., compiler. *A select list of recent publications contained in the library of the Royal Colonial Institute illustrating the constitutional relations between the various parts of the British Empire.* Royal Colonial Inst. Bibliographies, no. 2. (Manchester: Royal Colonial Inst. 1926. Pp. 31. 1s. 6d.)

MACRI, C. M. *L'organisation de l'économie urbaine dans Byzance, sous la dynastie de Macédoine, 867-1058.* (Paris: Guilan. 1925. Pp. 158. 15 fr.)

MARSHALL, L. C., editor. *Readings in the story of human progress.* (New York: Macmillan. 1926. Pp. xi, 493.)

MILLER, M. S. *The economic development of Russia from 1905 to 1914, with special reference to trade, industry and finance.* (London: P. S. King & Son. 1925. Pp. 300. 12s. 6d.)

MITVAKIS, M. *Le relèvement financier de la Hongrie et la Société des Nations.* Vol. I. (Paris: Les Presses Universitaires de France. Pp. 418. 30 fr.)

MOFFIT, L. W. *England on the eve of the Industrial Revolution. A study of economic and social conditions from 1740-1760, with special reference to Lancashire.* (New York: International Publishers. 1925. Pp. xxi, 312. \$3.50.)

Although much research in the large English libraries is embodied in this interesting study, the book is significant rather for the completeness of the description of Lancashire than for strikingly new material or conclusions. The picture is not new, but it is more vivid. Much material is carefully used that has long been known but seldom read. The text is about evenly divided between agriculture and industry.

In the description of agricultural practice, which is extremely clear and sympathetic, the author accepts more complacently than is now necessary the explanations current in the eighteenth century. The development of agricultural science has thrown much light upon all these problems; and, though it involves technical material, some use of it may fairly be expected of the historian. In the chapters on industry, the distribution and

development of the various industries are carefully described. Market contacts are sketched, but without adding anything of moment to the well known books of Westerfield and Heaton.

A. P. U.

MORTARA, G. *La salute pubblica in Italia durante e dopo la guerra.* Storia economica e sociale della guerra mondiale, serie Italiana. (New Haven: Yale Univ. Press. 1925. Pp. xxiii, 577.)

NEDELKOVITCH, M. *État économique et financier du royaume des Serbes, Croates et Slovènes au commencement de 1924.* (Paris: Librairie Générale de Droit et de Jurisprudence. 1924. Pp. 67.)

Ogg, F. A. and Sharp, W. R. *The economic development of modern Europe.* Revised edition. (New York: Macmillan.)

PRATO, G. *Il Piemonte e gli effetti della guerra sulla sua vita economica e sociale.* (New Haven: Yale Univ. Press. 1925. Pp. xv, 241.)

SMITH, W. D. *Physical and economic geography of Oregon.* Chapter 10, *The Willamette valley.* Commonwealth Review of the University of Oregon. (Eugene, Ore.: Univ. of Oregon. Oct., 1925. Pp. 195.)

WATERS, C. M. *An economic history of England, 1066-1874.* (New York: Oxford University Press. 1925. Pp. xviii, 610. \$8.25.)

This is the most successful one volume survey of the economic history of England that has come to the attention of the reviewer. It is frankly a summary of standard works and monographs; but the work has been extremely well done. For the period of the Industrial Revolution, the point of view is dominated by the work of the Webbs and the Hammonds, more completely perhaps than conservative scholarship would permit; but of course the soundness of "conservative" scholarship may be questioned. The material in the present volume will do no more than create a lively sense of the serious nature of the social problems of the period.

Despite great compression of statement, the text reveals sound judgment of policies, legislation and personalities. The style is direct and forceful and shows much genuine felicity of expression. The most distinctive feature of the volume, however, is the remarkable list of illustrations. Besides the usual maps and graphs there is an unusual wealth of illustration from contemporary materials for every period. Some of the cuts will be familiar to the well read student, and are thus merely a convenience; many, however, are wholly fresh and represent wide knowledge of manuscripts and contemporary broadsides. The work of selection devolved upon Mr. J. de M. Johnson of the Oxford University Press.

The book will be especially valuable in the last year of good secondary schools and in the first two years of our colleges, though it will be convenient in many ways to more advanced students.

ABBOTT PAYSON USHER.

YOUNG, A. *Tour in Ireland, with general observations on the present state of that kingdom made in the years 1776, 1777, and 1778.* (New York: Macmillan. Pp. xxii, 244. \$3.)

ZINOVIEV, G. *Histoire du parti Communiste Russe.* (Paris: Librairie de l'Humanité. 1926. Pp. 192. 19 cm.)

French translation of Zinoviev's history of the Russian Communist party.

Carpenters' company of the city and county of Philadelphia. (Philadelphia: Carpenters' Co. of the City and County of Philadelphia. 1925. Pp. 114.)

Deutschland unter dem Dawes-Plan. (Berlin: Reimar Hobbing. 1926. Pp. 320. Rm. 6.40.)

Economic position of the Canadian prairie provinces in 1923. (Ottawa: Dominion Bureau of Statistics. 1926. Pp. 14.)

Europas Volkswirtschaft in Wort und Bild. Beiträge zur Wirtschaftserkenntnis. (Frankfurt: Frankfurter Zeitung. 1925-26. Pp. lxx, 280.)

France: economic and industrial conditions in France. Report by Commercial Counsellor to H. M. Embassy, Paris. (London: H. M. Stationery Office. 1925. 8s.)

Germany: economic and financial conditions in Germany. Report by Commercial Secretary to H. M. Embassy, Berlin. (London: H. M. Stationery Office. 5s.)

Industrial-economic conditions in the United States. Bull. no. 16. (New York: National Industrial Conference Board. 1926. Pp. 47.)

Mémoires et documents pour servir à l'histoire du commerce et l'industrie en France. 9e série. Sée, Henri. *Le commerce maritime de la Bretagne au XVIIIe siècle:* Hayem, Julien. *Quelques professions connues, inconnues, et méconnues.* (Paris: Librairie Hachette. 1925. Pp. vii, 345.)

The first portion of the present volume consists almost exclusively of "memoirs" which reveal the wealth of material available for the study of the commerce of Brittany in the eighteenth century. These papers are an excellent introduction to the documents, but without the full text they are somewhat tantalizing. They are not sufficiently comprehensive in scope to serve as a monograph; nor are they a complete inventory.

The longest paper is devoted to a systematic survey of the correspondence of Magon de la Balue of Saint Malo and his successors. The papers of the family, acquired in 1910 by the Departmental Archives of Ille et Vilaine, consist of the accounts, memorials, and correspondence extending with some gaps from 1714 to 1792. The present study is based exclusively upon selections from the correspondence. The general character of the trade of Saint Malo is given in considerable detail, but it is not possible from these sources to throw much light upon the affairs of the family as a business enterprise. There are references to various partnerships, for general and for specific purposes, but no sustained description. There are several short papers on other aspects of the trade of Saint Malo. The commerce of Morlaix is sketched from the papers of Guillotou de Keréver. A number of short items conclude this portion.

The last third of the volume is devoted to the study of a portion of the returns on occupations required by the law of July 13, 1917. The section selected consists of the miscellaneous commercial and industrial professions classified as group XVI in the law. A number of ill known employments are thus brought within the scope of detailed and accurate study.

ABBOTT PAYSON USHER.

Reparation Commission. Report of the Agent-General for Reparation Payments. Off. Doc. of the Reparation C'm., no. 10. (London: H. M. Stationery Office. 5s.)

The twenty-fifth financial and economic annual of Japan. (Tokyo: Government Printing Office. 1925. Pp. vi, 215.)

Agriculture, Mining, Forestry, and Fisheries

Wheat Studies. Prepared by members of the Food Research Institute.

Vol. I, nos. 1-10., December, 1924—September, 1925. (Stanford University, Calif.: Food Research Institute.)

The first volume of the *Wheat Studies* prepared by the Food Research Institute covers a wide range of subject matter. The most connected parts of the work include the bulletins analyzing market conditions. Four of the ten numbers deal with this part of the analysis. The general plan of presentation is to devote the first number of each volume to a review of the market for the preceding year and to follow this with summaries of the market situations at intervals of every few months. These studies of market analysis are based on the most authoritative and most available data and not only point out the factors that have been influential in affecting price movements, but also indicate, insofar as existing data permit, the probable trends of prices and market activity in the immediate future. The remaining six studies are devoted to special problems in the fields of marketing organization, costs of production, statistical method, bibliography, and particular problems of supply and demand.

Several studies merit special consideration. Study no. 1 reviews *The World Wheat Situation* for the year 1923-24 in retrospect, and points out the price factors peculiar to the crop of 1923. Large carry-over, high yields and big acreage, bountiful crops of wheat substitutes, and an unusually high quality are given as supply factors causing a low price during this season. It is significant that considerable attention is given to the milling quality of the wheat supply in this and succeeding studies, a factor that is more or less neglected by most authorities. The most important facts presented on the demand side of the analysis are: first, the year's experience shows that there is considerable elasticity in the demand both in importing and exporting countries when the price of wheat in relation to other commodities drops to a low level. Wheat is then used more widely as animal food and substituted in the human diet. Second, the per capita consumption of wheat is increasing in Italy, Germany and the Scandinavian countries and decreasing in England, France and Belgium. This is significant from the standpoint of import requirements for these countries. Third, wheat imports of the importing countries of

Europe do not compensate for variations in the wheat crops. Study no. 7 which develops this problem shows that the lack of variability between imports and size of crops is especially applicable to the most important of these wheat producing countries. It is pointed out, for example, that in 1922-23 a decline in production of 168 million bushels in France, Spain, Italy and Germany was accompanied by a net increase in imports of only three and one-half million bushels in this group. No reasons are given for this relationship, although one may infer from the discussion that it is due in part to the high and low prices which accompany the crops of small and large production and which are the result of the poorly developed system of grain distribution in these countries.

The dispensability of the wheat surplus in the United States is considered in Study no. 4 from the viewpoint of all interested groups—consumers, agriculture, and the middleman. The established marketing agencies, it is pointed out, are the only group to suffer materially from the disappearance of a surplus. Consumers will be protected against famine by accumulated stocks whether the country is on an exporting or on an importing basis; agriculture can, and probably will, resume its pre-war tendency to curtail wheat acreage as a part of the diversified farming program. However, the losses that might be suffered by the milling and marketing agencies on account of the disappearance of the surplus do not furnish sufficient reason for artificially stimulating wheat production in order to perpetuate the surplus. Such losses, it is stated, would have to be accepted as part of the losses that are being continuously incurred as a result of the changes of a dynamic society. An analysis of wheat and flour exports, it is pointed out, shows that the United States is much nearer to a domestic basis than is commonly supposed. In 1923-24 only 40 per cent of the wheat exports were representative milling grades, the remaining 60 per cent consisted of what was left after the millers had made their selections, and much of the flour exported is also essentially a by-product and hence not an important factor in establishing price relationships between American and foreign markets.

Study no. 8 presents a good summary of the present status of Canada as a producer of wheat and the historical background of its development. Public land policy, development of transportation, physiographic conditions, marketing organizations, international trade policies and market movements have an important place in the discussion. Two important deductions can be made from this study. First, Canada has become an increasingly important unstabilizing market influence as its wheat production has increased, due to the great variability of yields from year to year. Second, Canadian exports may be expected to increase over the next few years, but it is

pointed out that the increase will probably not be momentous in view of the probable expansion of European requirements, and of the downward trend of American exports, and even in the light of a probable increase in Russian exports.

The authors of Study no. 6 on *Average Pre-War and Post-War Farm Costs of Wheat Production in the North American Spring-Wheat Belt* have followed the general plan of the series in interpreting the best available data on costs of producing wheat in terms of economic law. Real costs of producing wheat appear to be slightly lower than in the pre-war period; and the data, as analyzed, show that Canadian farmers in the long run do not produce at materially lower cost than the American farmers. Both of those conclusions are significant, the former when considered in the light of the probable future relation of wheat prices to other prices, and the latter when applied to the present tariff policy of the United States.

It should not be inferred from the above discussion that these studies are based entirely on secondary sources. Original data are used in many places and the familiarity that the authors have with the details of wheat marketing indicates that they have studied it at close range. It seems to the reviewer, however, that the chief contribution of volume I of this series is in bringing together materials from widely scattered sources and interpreting them in terms of economic principles, thus giving a new interpretation to some information and making the data more accessible to and usable by students of marketing and by business men who seek a better understanding of the basic forces in market movements rather than information to formulate a present marketing policy. An analytical index for the entire volume makes the materials easily available for ready reference.

H. BRUCE PRICE.

University of Minnesota.

Report upon the Large-Scale Coöperative Marketing in the United States of America. By R. B. FORRESTER. (London: Ministry of Agriculture and Fisheries. 1925. Pp. 192. 1s. 6d.)

Mr. Forrester, Cassel Lecturer in commerce at the University of London, spent several months in the United States, as a representative of the British Ministry of Agriculture, studying our large-scale coöperative marketing movement. This booklet is the fruit of his labors.

It is an extremely condensed treatment of that group of coöperatives which he considers typical of the new movement in the United States,—namely, the California Fruit Growers Exchange, Sun-Maid Raisin Growers, California Prune and Apricot Growers, the Minnesota Coöperative Creameries Association, Twin City Milk Producers Associ-

ation, New York Dairymens' League, Interstate Milk Producers of Philadelphia, the Chicago Milk Producers Coöperative Company, The Central Coöperative Live Stock Commission Association of St. Paul, The National Live Stock Producers Association, the California Cattlemen's Association, the Northwest Wheat Growers, Poultry Producers of Central California, and Texas Farm Bureau Cotton Association. The reader will note that the new Tobacco Associations are omitted, likewise the highly successful American Cranberry Exchange (organized in 1907), and the Eastern Shore of Virginia Produce Exchange (organized in 1900).

Mr. Forrester sketches briefly the history, functions, and organization of each of these coöperatives. To this treatment he gives 45 pages. He selects for detailed treatment the following topics: Use of contracts, 11 pages; Pooling and orderly marketing, 17 pages; Finances, 9 pages; Legal aspects, 6 pages; Summary and conclusions, 5 pages. About 65 pages of the report are devoted to statistical tables and to reproduction in full of certain membership contracts, articles of incorporation, by-laws, and to the "Standard Market" law of New York State.

This report makes a very convenient reference manual. The author has exhibited great power to assemble and organize a vast mass of scattered material, statistical, descriptive and otherwise, and has shown keen discrimination in evaluating his data.

The reviewer finds himself in agreement with the author in such typical statements as these:

The feeling may grow up that profits are much more easily come by on the marketing and distributing side than on the productive side. In all such cases coöperative organization is brought into being, often with an attitude distinctly critical and hostile towards all other market agencies, and it may often be said that the initial driving force is the desire to smash a system rather than to cheapen marketing by genuine economy in distributive services.

No sound marketing organization can be built up in a purely destructive and critical spirit which fails to face the genuine problems with which the middleman agencies are called upon to deal. Hence coöperative marketing associations have on the whole developed a positive and constructive side embodying a marketing policy.

Selecting a type of federated locals, the author says:

This group includes..... one of the most efficiently managed enterprises in the U. S. A., the California Walnut Growers Association.

Wheat pools have a speculative program. Says the author:

It is clear that such a policy depends upon a correct anticipation of demand and supply, since this organization holds a very small proportion of the wheat crop, and unless it outguesses the market, it will not gain.

The reviewer, however, finds himself in disagreement with statements of the author like the two following:

It may be pointed out that coöperative marketing is by far the most developed form of coöperative endeavor in the U. S. A.

The reviewer ranks coöperative insurance (\$6,000,000,000) and coöperative credit (\$4,000,000,000) considerably ahead of coöperative marketing (\$2,000,000,000) in the United States, so far as volume of business is concerned.

The author looks upon membership contracts as essential. He says:

A universal characteristic of all large-scale coöperatives is the membership contract. The significance and contents of such contracts have already been described and no attempt would now be made in the U. S. A. to float a large-scale coöperative without the use of such contracts.....

The reviewer regards this contract as an important detail, not an essential. Moreover, many large-scale coöperatives do not use contracts. For instance, the American Cranberry Exchange, and the Eastern Shore of Virginia Produce Exchange. Some locals in the California Fruit Growers Exchange do not; and in October 1925 the Dark Tobacco Growers of Kentucky released its membership from their contract obligations. The contract is contrary to farmer psychology. It seems to be waning in popularity and in importance.

On the whole, however, all economists can doubtless agree with Mr. Forrester's final conclusion:

Large-scale coöperative marketing is a new invention in producers' organization in agriculture. It brings the notions and outlook of big business into the marketing of farm products.

JAMES E. BOYLE.

Cornell University.

NEW BOOKS

ARNOLD, J. R. *Hides and skins.* (Chicago: A. W. Shaw Co. 1925. Pp. xxiv, 606. \$6.)

BAUMGARTEL, W. H. *Centralized management of a large corporate estate operated by tenants in the wheat belt.* U. S. Dept. of Agri. circ. 351. (Washington: Supt. Docs. 1925. Pp. 35.)

DOW, G. F. *Whale ships and whaling: a pictorial history of whaling during three centuries, with an account of the whale fishery in Colonial New England.* (Salem, Mass.: Marine Research Society. 1925. Pp. xi, 446.)

DUMMEIER, E. F. *Co-operation in marketing Washington farm products.* Agri. Experiment Sta., bull. no. 194. (Pullman, Wash.: State Coll. of Wash. 1925. Pp. 108.)

HUBBARD, W. H. *Cotton and the cotton market.* (New York: Chronicle Co., 128 Water St. \$3.50.)

LIPPMAN, E. *Geschichte der Rübe als Kulturpflanze von den ältesten Zeiten an bis zum Erscheinen von Achards Hauptwerk (1809).* (Berlin: Julius Springer. Pp. iv, 184.)

MACKINTOSH, W. A. *The Canadian wheat pools.* Bull. no. 51. (Kings-
ton, Canada: Queen's Univ. 1925. Pp. 28.)

MARRIOTT, H. F. *Money and mines: the administration, organization and economics of precious and non-ferrous metal mines.* (New York: Macmillan. 1925. Pp. 270. \$4.50.)

Marriott has been president of the institution which corresponds in Great Britain to our American Institute of Mining and Metallurgical Engineers of which Herbert E. Hoover has been president. The field of this book is much the same as that of Hoover's *Economics of Mining*, and many conclusions are similar. The style is clear and more vivacious: rhetorical questions are frequent.

One point of difference is that much more emphasis is laid upon ways in which the returns from a mine fail to reach the stockholders. Marriott stands for the stockholders and thinks that more money would be obtained from the mining industry if they got what was coming to them.

Some of the ways by which stockholders are defrauded are not unknown in America; others are, so far as the reviewer is aware. That a group of mines should each pay in duplicate for the same work, that news should be let out or withheld to influence the stock market, that information obtainable in one mine should be used by insiders in buying up shares of adjoining property, all this is familiar in America. The recommendation of Marriott that members of a stock exchange should not be directors of a mining company would make a tremendous difference in a list of American directors. On the other hand, that directors should be paid by a percentage of the profits, and that the company agree to finance them up to a certain amount yearly in their speculations (p. 63) are, one agrees, "scarcely to be believed."

Such practices are surely rare, largely criminal. The author recommends that stockholders should have the right to inspect all the reports from the mines. His point of view is that the mines should be given the utmost possible present worth. This implies, unless there is reason to believe that the price of the commodity is going up,—which is not true of the Rand mines, from which most of the illustrations are taken,—that the richest rock should be mined first and when the price is highest, leaving the less profitable rock until last or omitting it entirely. This will, of course, mean high dividends at first, tapering off, and would naturally lead to a high price for a mine which can later be unloaded on the more ignorant. So the author emphasizes the importance of the management being open in their policy and in stating the amount and richness of the reserves.

He also emphasizes the importance of estimating costs—he calls it "costing," per unit of product, e. g., per ounce of gold, and not, for instance, per ton of rock, which tempts managers to reduce costs per ton by treating a large volume, some of which it would be profitable not to treat at all. There is a good deal of detail in his handling of costs, mainly illustrated by the Rand mines; and one might incidentally get many facts and suggestions as to conditions there, e. g., that 15 per cent of the mining profits go in taxes, the relative proportion and wages of white and colored labor, and the great differences between current mining profit and real profit. So frankly critical a book will naturally call out criticism in turn. One learns from the *London Mining Magazine* of August, 1925

(p. 69), that the directors of the Institute, as well as the editor of the *Magazine* have washed their hands of it.

A pertinent criticism which I have heard made is that if the richest part of a mine is exploited first, a lavish scale of expenditure and wages is almost inevitably set, which it is hard to cut down when it comes to mining the less rich parts. This criticism would not apply so much in opening a new mine in a district where wages and methods were already standardized.

ALFRED C. LANE.

MOORHOUSE, L. A. *The management of the farm.* (New York: Appleton, 1925. Pp. xvii, 526. \$3.50.)

This book is chiefly a discussion and description of types of farming in the United States. Part 1 deals with "the conditions which modify and control the organization and operation of the farm." This part of the work is descriptive of the influence of climate, soil, topography, and other factors such as the farm operator, community development, availability of farm labor, tenant contracts, risks in the management of the farm, shifts in agricultural production, relative profits from different enterprises and marketing facilities in their effect upon the type of farming.

Part 2 is entitled "Farm organization and operation." After naming and describing some of the factors usually considered in studying farm organization and operation, the author presents statistical and descriptive information concerning regions and farms where the principal farm products of the United States are grown. Thirteen chapters, comprising more than one-half of the book, are devoted to these descriptions. For example, in the chapter on the organization and operation of corn farms, census data on corn production in the United States and in the important corn producing states are presented and discussed. The sizes of farms, the farm investment, the crop acreages, the livestock kept, and similar data from the census are given for several typical counties in the corn belt. This is followed by data on farm practices in the growing of corn. Similar chapters follow for other farm products.

The third and concluding part of the book deals with "economic problems confronting the farm operator." Farm records, production costs and price-fixing, marketing and credit are discussed. These few economic problems of farmers are considered very briefly; and anyone expecting a full discussion of the topics will be disappointed with the brevity and the lack of analytical treatment given to them. These topics are parts of fields which are being developed probably as fully as farm management. The logic of including them, with the exception of farm records, as a part of a text on farm management is not obvious to the reviewer. Farm management deals with only a portion of the economic problems of farmers; and a writer on this subject can be expected to confine his discussion to the specific problems of farm management.

Anyone looking for a discussion of the principles of farm management will be disappointed in this book. It contains much useful information on types of farming and farm practices in the United States, but the treatment is distinctly descriptive and unanalytical. Specific references to the pages of publications quoted would add much to the book. In a

few instances quotations are not specifically identified as such, although it is inferred that they are quotations; and the publication quoted is listed in the references at the end of the chapter.

In a few instances, greater clarity of statement of economic principles would aid the reader. It is questionable if many economists will agree that "we pay interest because custom has made interest a rent which we pay for the use of money" (p. 476).

This book should prove useful to those interested in a description of the types of farming in the United States and in having in concise form data on production practices for the crops and the kinds of livestock of major importance in the United States.

W. E. GRIMES.

ORWIN, C. S. and PEEL, W. R. *The tenure of agricultural land*. (London: Cambridge University Press. 1925. Pp. viii, 76. 3s. 6d.)

The authors advocate the nationalization of the agricultural land of Great Britain, not because they want to get rid of the landlords, but because they fear that the helpful functions of this group will be lost to the nation when the present change to owner occupancy is completed. They claim that the farmer-owner will not have the capital necessary to purchase his working equipment and the land, which "the old landlords lent to rural industry at a philanthropic rate of interest." The result will be a "steady deterioration of the land until a point is reached at which the state will have to step in to supply the needed capital" (p. 23). Therefore the nationalization of the land is suggested to prevent the deterioration of the soil.

After reviewing other schemes of nationalization the authors present their plan of purchasing the land, the method of administration, and close by contrasting the proposed state leasehold with the present private leasehold. No advantage is claimed for the public leasehold; "it is only put forward to provide an orderly way out of the difficulties which the breakdown of the system is creating" (p. 62).

To the American student this is not convincing. There is not enough discussion of the reasons why this drastic innovation is considered necessary. We are so used to seeing American farmers climb the "agricultural ladder" without the evil effects predicted by the authors that it is difficult to imagine the necessity for such a step. Besides, Denmark went through the same revolution in her land system without resorting to state ownership.

G. S. WEHRWEIN.

PLATT, F. C. *Is the farmer going bankrupt?* (New York: Painted Post. 1925. Pp. 111.)

Coal mining industry in Nova Scotia. Report of Provincial Royal Commission. Reprinted as a supplement to the *Labour Gazette*. (Ottawa: Dept. of Labour of Canada. 1926. Pp. 31.)

Crop production data. (Ames: Iowa State Coll. of Agri. and Mech. Arts. 1925. Pp. 258.)

Iron in the Americas. Commodities of commerce, ser. no. 7. (Washington: Pan Amer. Union. 1926. Pp. 18. 5c.)

Kohlenhandelsfragen. *Festschrift für Ludwig Wiesinger*. (Berlin: Deutsche Kohlenzeitung. 1925. Pp. 288.)

Land settlement in England and Wales, 1919 to 1924. Report of the Ministry of Agriculture and Fisheries. (London: H. M. Stationery Office, 1925. Pp. 150.)

The recent publication of a comprehensive report on the history of land settlement in England and Wales is of particular interest in view of the fact that no official survey covering the subject in any detail has been issued since 1914. During the period of the war, the work of the central and local government authorities in supplying land for small holdings was practically suspended, so that the need for annual statistics from 1914 to 1918 was not very pressing. But with the conclusion of hostilities and the passage of the Land Settlement (Facilities) act (1919), energetic steps were taken to provide ex-service men with an opportunity of securing lands suitable for cultivation. That the small holdings movement, since this legislation became effective, has met with success is shown in the statistical evidence contained in Part 1 of the report just issued. Thus the area acquired for small holdings (by lease and purchase) by the County Councils, by the Councils of Boroughs and by the Ministry was increased from about 200,000 acres in 1918 to 447,000 acres in December, 1924. It is significant that even in recent years most of these holdings were leased, the number sold constituting but a small fraction of the total. In this respect the early history of the small holdings legislation has been repeated.

Part 2 of the report contains an account of the experiences of a representative number of tenants who successfully cultivated the lands allotted to them by the government. A detailed statement of the work of each of the County Councils and County Boroughs in executing the provisions of the Land Settlement (Facilities) act is contained in Part 3. Ten statistical tables are added in Part 4 which excellently summarize the operation of the small holdings legislation since 1908.

FELIX FLUGEL.

Wheat studies. Vol. II, no. 1. *The world wheat situation 1924-25, a review of the crop year.* Vol. II, no. 3. *A national wheat-growers' co-operative, its problems, opportunities and limitations.* (Stanford University, Calif.: Food Research Inst. 1925, 1926. Pp. 1-64, 101-162.)

Manufacturing Industries

The American Wool Manufacture. By ARTHUR HARRISON COLE. Vols. I and II. (Cambridge: Harvard Univ. Press, 1926. Pp. xix, 392; viii, 328. \$7.50.)

It is presumptuous, of course, to speak of a definitive work in any field of research; but one closes these volumes with a feeling that they cover their ground so adequately that it will not require a second exploration for a long period to come. Certainly no other American industry has been dealt with so comprehensively and competently. Furthermore, the publishers have given the text, which is abundantly illustrated, a worthy setting.

The author's approach to his subject is that of an economist rather than a literary historian. His treatment is more interpretative than

descriptive. There is nothing dramatic in his presentation. We might speak of three styles of writing economic history: the annalistic, recording dry facts chronologically as Bishop does; the personal and episodic, which exalts industrial heroes and strives after scenario effects in describing economic development; and the analytical, which tries to measure progress statistically and to trace the causes of its direction and variations. Professor Cole's book belongs decidedly to the last of these three classes. It does not abound in biographical data or picturesque incidents from old firm records; but it does describe clearly and convincingly, and for that reason interestingly for those prepared to follow such discussions, the forces that have built up a great American industry, the way they operated at different periods, and the effects they produced.

No other manufacture illustrates better than that of wool the distinctively American factors that have helped and hampered the progress of our industries and have given them a specific character of their own; for the frontier, foreign competition, immigrant labor, native inventive genius, constantly accelerated national growth, and countless associated influences have left a deep impress on its development. To a certain extent, therefore, the author can say, *ab uno discit omnes*, and regard his theme as synthesizing the general economic history of the country. It is significant that he does not attempt to cover the tariff question in this connection, except for the references indispensable in such a book; for that is an aspect of his subject that no writer of a generation ago would have neglected to dwell upon as perhaps the leading element in his theme. Does this mean that economic history also has its law of relativity, and that the past is not so immutable as it seems? At least it is a symptom of our industrial maturity, which is the earliest period when durable judgments of earlier stages can be formed, that this topic falls into diminished perspective in so important a survey of our manufacturing growth.

A word as to Professor Cole's method of organizing his material and we are done; for his work is too comprehensive for minute examination within the compass of a brief review. That method is to establish a number of basic points from which to triangulate the intervening periods, as one might survey a country from several successive heights. Thus the colonial manufacture is described from the standpoint of its condition about 1760, and the era of the small factory from the position the industry had attained in 1830. These chance to be dates for which information is comparatively abundant and when a transition to new methods of manufacture was at hand. It must not be understood, however, that the author jumps abruptly from one date to another. These are merely periods of intensive study and he sketches in the intermediate years sufficiently to make a continuous story. The next con-

ning station is set at 1870, just after the vicissitudinous Civil War decade had changed the whole industrial landscape. This date marks the beginning of the era of industrial maturity, to an account of which the entire second volume is devoted.

When we have satisfactory local histories of the wool manufacture in certain central and western states, a broader background of illustrative material may exist to enrich the narrative of the industry as a whole; but we hardly think that Professor Cole's work will be superseded, or his conclusions materially amended, until from some higher observation post, still in the future, a more favored observer secures an even wider outlook over the economic forces that are shaping our national destiny.

VICTOR S. CLARK.

NEW BOOKS

BÜCHER, K. *Gesammelte Aufsätze zur Zeitungskunde*. (Tübingen: J. C. B. Mohr. 1926. Pp. vi, 429. Rm. 12.)

COMPTON, W. *Is the "future" of lumber ahead or behind?* (Chicago: National Lumber Manufacturers Assoc. Feb. 1926. Pp. 8.)

MURRAY, W. S. *Superpower: its genesis and future*. (New York: McGraw-Hill. 1925. Pp. viii, 237. \$3.)

The author was engineering chairman of the United States Government Superpower Survey. Contains chapters on "The birth of electric utilities," "Ownership of utilities," "The superpower survey," "Superpower and interstate relations," "Federal power commission," "Financing superpower," and kindred topics. Maps and charts illustrate the topics discussed.

MUSOLD, W. *Die Organisation der Kaliforschung*. (Berlin: Reimar Hobbing. Pp. 100. Rm. 4.60.)

RAU, B. R. *The economics of leather industry, with special reference to Bengal*. (Calcutta: Calcutta Univ. Press. 1925. Pp. vii, 184.)

Advocates development of leather production in India, instead of exportation of raw hides; quality of hides can be improved; and small tanneries should be fostered.

REICHERT, J. W. *Eisen und Stahl in der Weltwirtschaft*. (Leipzig: Quelle & Meyer. 1926. Pp. 21.)

ROSSITER, W. S. *Growth of printing in the twentieth century, 1900-1925*. (Concord, N. Y.: Rumford Press. 1925. Pp. 24.)

SELEKMAN, B. M. *The clothing and textile industries in New York and its environs, present trends and probable future developments*. (New York: Com. on Regional Plan of N. Y. and its Environs. 1925. Pp. 104.)

Iron and steel production on the Continent. European Econ. and Pol. Survey, special supp., no. 6. (Paris: Ref. Serv. on Intern. Affairs. Feb., 1926. Pp. 8.)

Transportation and Communication

Railroads: Cases and Selections. By ELIOT JONES and HOMER B. VANDERBLUE. (New York: Macmillan. 1925. Pp. xi, 882. \$4.25.)

The purpose of this book is to provide a set of readings which can be used in class work along with either Jones' *Principles of Railway Regulation* or Vanderblue and Burgess' *Railroads: Rates—Service—Management*. There are 46 commission and court decisions reprinted, and 23 articles or other consecutive discussions. The citations are of considerable length—decisions being reproduced in full, or nearly so, frequently with dissenting as well as with majority opinions. The authors do not attempt to give the volume a unity of its own by the insertion of summaries or explanatory comments; but this is to some extent accomplished by the articles.

From the reviewer's standpoint, the section on the long and short haul principle would be strengthened by use of the excellent statement submitted by Commissioner Hall to the Senate Committee on Interstate and Foreign Commerce in 1925 when the Gooding bill was under consideration; while the clear presentation of facts with reference to the conflict of state and federal authority contained in *Saunders v. Southern Express Co.*, 18 I. C. C., 415, might some time be considered for inclusion. The extracts on "abandonment" could also be improved without changing the fundamental character of the work.

In discussing a volume of readings which, like this one, is designed for a specific purpose, one should doubtless accept the authors' point of view and inquire for the most part only whether the object of the work has been attained. There is happily no question about this. The book gives evidence of a very thorough knowledge of American literature on the public and economic side of the railroad question. It contains a large number of significant articles and leading decisions of courts and railroad commissions, carefully selected and accurately reproduced; and it will undoubtedly prove convenient to teachers who undertake to discuss in one university course the rather multifarious problems of labor, finance, price fixing, constitutional law, and operation which affect railroad corporations in the United States.

Perhaps the most vivid independent impression that the volume makes upon the reader is that of the variety of topics with which the Interstate Commerce Commission now has to deal. The difference between the present collection of readings and Ripley's pioneer contribution to the field reflects a notable increase in the scope and complexity of our system of railroad regulation.

It is well that this tendency toward greater complexity should be revealed. There is, however, a pedagogical problem when courses in

economics are expanded to keep pace with the growth in the jurisdiction of regulatory commissions, because such courses on selected agencies are bound to overlap the traditional courses on finance and labor and similar subject groups, to the probable detriment of the general organization of university instruction. It is also true and important that the function of the railroad as a transportation agency is easily neglected when primary attention is paid to the railroad as a corporation or to the Interstate Commerce Commission as an organ of corporation control. These interesting questions cannot be discussed in a brief review, but they may perhaps deserve renewed consideration by textbook writers.

STUART DAGGETT.

University of California.

NEW BOOKS

ADAMS, A. C. and others. *Overcharge claims.* La Salle Traffic series. (Chicago: La Salle Extension Univ. 1925. Pp. 74.)

BLUM, O. and others. *Verkehr und Betrieb der Eisenbahnen.* (Berlin: J. Springer. 1925. Pp. xiii, 418.)

CORBINO, E. *Economia dei trasporti marittimi.* (Castello: Soc. Anonima Tip. Leonardo da Vinci. 1926. Pp. xiv, 379.)

—. *I porti marittimi italiani.* Extract fr. Giorn. d. Econ. and Riv. d. Stat., 1922, 1923, 1924. (Castello: Soc. Anonima Tip. Leonardo da Vinci. 1924. Pp. 265.)

DUNCAN, C. S. *The future of American transportation.* (Portland, Me.: Portland Econ. Club. 1925. Pp. 16.)

FENELON, K. G. *The economics of road transport.* (London: George Allen & Unwin. 1925. Pp. 256. 10s. 6d.)

HALLER, P. *Hundert Jahre des Kampfes zwischen Privat- und Staatsbahnhängern in der Schweiz.* (Zürich: Art. Inst. Orell Füssli. 1926. Pp. xx, 124.)

LOOMIS, E. F. *70,000 buses in use on Jan. 1, 1926.* Reprinted from *Bus Transportation.* (New York: National Automobile Chamber of Commerce. 1926. Pp. 15.)

MACELWEE, R. S. *Port development.* (New York: McGraw-Hill. 1925. Pp. 440. \$5.)

Dr. Roy S. MacElwee, who seven years ago attracted international attention by his volume on *Ports and Terminal Facilities*, has made a second valuable contribution to the port literature of the world. While the first book—to use the author's own words—"concentrates (especially in the new edition) on the design, construction, and operation of marine terminals," the new volume is devoted to problems of government control, port administration, traffic, and solicitation.

In a way the book is a logical sequence of recent tendencies, embracing American economics in general, and subjecting our ports to their influence

along with the rest. In the first place, we find that everywhere 'rule o' thumb' is giving way to conscious control. Ports which used to "just grow" are now skillfully designed and guided in their development not merely with regard to their engineering features, but also with regard to their economic, commercial, and administrative aspects. The other tendency which we have in mind is one toward more general application of the idea of active solicitation. The selling germ is epidemic. We want to sell everything: goods, services, ideas, ourselves. So, naturally, we have to sell ports as we sell everything else.

The War with its port congestion, high cost of terminal services, rate adjustments, etc., has forced our ports into the sphere of influence of the first tendency, and by pushing a number of our 'outports,' particularly those along the South Atlantic and Gulf Coasts, to the fore and thus increasing inter-port competition has materially contributed toward spreading the second idea.

Dr. MacElwee, with a keen sense of the spirit of the time, seizes upon these movements, and puts them into the very foreground of the book. The first part deals with the problems of conscious port control, and scientific port development first as to the city in which the port lies; second, as to the larger commonwealth which makes up the immediate "hinterland"; and third, as to the nation as a whole to whose welfare and prosperity the port contributes its share.

An essential part of conscious port development is solicitation. If there is a good port, people, particularly shippers, should know about it. So a few chapters treat of the new science of port salesology. The selling points may be either extraordinary physical advantages which have to do with tides, channels, winds, temperatures, topography, etc. The chapters treating of these matters are lavishly garnished with illustrations. Or else, the selling points are built around the advantages which have to do with traffic arrangements such as low cost of handling goods at the terminal, on the pier, in the warehouse, on the street, etc.; or favorable freight rates in railroad, motor and water transportation. It is this part dealing with the traffic aspects of port development and port competition which undoubtedly holds the widest appeal to the economist.

The fourth part of three chapters dealing with the "free port" idea forms the rear guard of this exceedingly interesting volume. An appendix contains the full text of the 1924 Free Port bill as introduced by Senator Jones of Washington.

E. W. ZIMMERMAN.

MUNDY, F. W., editor. *Mundy's earning power of railroads*. Twentieth issue. (New York: James H. Oliphant & Co. 1925. Pp. 516.)

NEEDHAM, C. W. *Cases on foreign and interstate commerce*. (Chicago: T. H. Flood & Co. 1925. Pp. xiii, 1526.)

RITCHIE, J. A. *Does the motor truck pay its fair share of taxes?* (Chicago: Yellow Truck and Coach Manufacturing Co., 5801 West Dickens Ave. 1926. Pp. 12.)

STIELER, K. *Der internationale Eisenbahnverband und die Entwicklung älterer internationaler Eisenbahnorganisationen seit Kriegsende*. (Berlin: F. Dümmlers Verlagsbuchh. 1926. Pp. 38.)

WOODRUFF, R. E. *The making of a railroad officer.* (New York: Simmons-Boardman. 1925. Pp. 270. \$2.)

A commercial and historical atlas of the world's air ways. (London: Travers J. Field. 2s. 6d.)

Consolidation of railroads. Second supplement, 1925. (Washington: Library Bureau of Railway Economics. 1926. Pp. 21.)

Economic factors in the railway situation, 1926. Report made to Am. Ry. Assoc. by Bur. of Ry. Econ. (Washington: Bur. of Ry. Econ. 1926. Pp. 16.)

Highway operation an obligation of New Haven Railroad. (New York: National Automobile Chamber of Commerce. 1925. Pp. 14.)

Interstate Commerce Commission Reports. Vols. 93 and 94. (Washington: Supt. Docs. 1926. \$2.25.)

A review of railway operations in 1925. Misc. series no. 38. (Washington: Bureau of Railway Economics. 1926. Pp. 32.)

Trade, Commerce, and Commercial Crises

NEW BOOKS

ESSLEN, J. B. *Die Politik des auswärtigen Handels.* (Stuttgart: Verlag von Ferdinand Enke. 1925. Pp. xv, 368. M. 20.)

STUCKEN, R. *Theorie der Konjunkturschwankungen.* (Jena: Gustav Fischer. 1926. Pp. 75. M. 3.50.)

An attempt to account for the course of what the Germans call *Konjunktur*. The author analyses the conditions on which the rise and fall of demand and of prices depend in a business cycle. He tries to show in what way an increased demand begins which starts the upward course, and criticises the account of this given by Tugen-Baranowski, Bouniatan, Spann, Aftalion and others. He shows that, although general over-production is impossible under a theoretical regime of barter, this is by no means so in a society which uses money as a means of exchange.

Budgets and visible commercial balances of European countries, 1922-1925. Bull., no. 7. (Paris: Ref. Serv. on Intern. Affairs. 1925. Pp. 39. 50c.)

Accounting, Business Methods, Investments, and the Exchanges

Management through Accounts. By JAMES H. BLISS. (New York: Ronald. 1924. Pp. x, 851. \$6.00.)

The two words "management" and "accounts" in the title of this book should share honors equally, and the title page might, with equal propriety, have read "managerial accounting." While written ostensibly from the standpoint of management, the work constitutes a valuable contribution to the literature of accounting, and will prove helpful to the accounting practitioner and instructor as well.

The book is divided into two sections: Part 1 "Financial reports and accounts," containing thirty chapters, and part 2 "Costs, and operating reports and accounts," containing twenty-five chapters. The first six chapters analyze the significant financial and operating relationships which measure financial stability, operating results and managerial efficiency. These chapters constitute a summary of the more detailed analysis presented in the author's *Financial and Operating Ratios*. The next four chapters discuss the preparation, analysis and interpretation of financial statements. The next eighteen chapters are devoted to a detailed analysis of the various balance sheet classifications. Chapters twenty-nine and thirty are given over to the consolidated balance sheet.

The first six chapters of Part 2 are devoted to an analysis of the cost accounting problem with two chapters each on by-products and joint products. Eleven chapters describe income and operating statements and accounts. Four chapters discuss the problems of departmental and branch accounting and four chapters are devoted to account classifications. The discussions are supplemented by more than a hundred well chosen illustrative charts, forms, statements, etc. The author makes free use of illustrative material throughout; but at no point is this device more satisfactorily employed than in the chapters devoted to by-product and joint-product costs where the illustrations are drawn in part, at least, from the author's experience in the packing industry. The chapters on Fixed property investments, Reserves and Net worth are particularly illuminating. The reviewer is pleased to note the author's attitude on one of the mooted questions of accounting theory, the essential character of cash discounts. After having outlined the alternative procedures for the treatment of purchase discounts, Mr. Bliss says: "In the author's opinion, the better practice is to deduct them from the invoices and enter the net amount, thus stating purchases at net cost."

On the other hand, the reviewer can hardly agree with the author's sanction of accepted practice in refusing to permit the charging off of goodwill present on the books but absent in fact. Any such freedom from responsibility for restatement of values would seem to offer encouragement for questionable practices and constitutes what would be regarded in other connections as dangerous doctrine.

The reviewer knows of no book in this field, except the companion volume *Financial and Operating Ratios*, in which an author has recognized and so ably stated the basic economic character of the problems of management. Mr. Bliss has performed a real service in pointing out the relationship between general economic facts and business administration. Emphasis has been given where emphasis is needed.

Business management is, in large measure, the problem of adjusting the specific business situation to the general economic tendencies of the moment, maintaining and, if possible, improving its competitive position and avoiding, if possible, the extremes of industrial inactivity through knowledge, foresight and ability to act.

Important business relationships find origin in basic economic conditions. Periods of good business and of depressed business result from the operation of fundamental economic forces. Business statistics are the record of changes in these underlying economic conditions. The financial and operating reports of any business tell the story of the play of economic forces within it.

The author states in unequivocal terms his conception of the functions of the accountant. The larger function of the accountant is recognized; and he is assigned a more important place in the management of business enterprises than is usually accorded him. Such recognition is accompanied, however, by the assignment of larger responsibilities. The accountant's function in analyzing business facts is accepted; but the author goes further and places upon him a measure of responsibility for interpreting these facts—for presenting them in such shape as to be readily used for purposes of administrative control.

Such an appraisal of accounting and its possible contributions to the achievement of managerial efficiency by a business executive in close personal contact with the management problems of a large and successful industrial enterprise comes as an encouraging prospect to those in the profession who have visualized accounting as something more than an evaluation of "what has gone before."

JAMES P. ADAMS.

Brown University.

NEW BOOKS

ASPINWALL, C. A. *Household goods warehousing in the United States.* (Baltimore: Am. Warehousemen's Assoc. 1925. Pp. viii, 310.)

AYER, L. J. *Cases on business law, selected with notes and problems: introductory course.* (Seattle: Wash. Univ. Book Store. 1925. Pp. 463. \$5.)

BARTON, H. A. *How to write advertising.* (Philadelphia and London: Lippincott. 1925. Pp. xv, 275.)

BAUER, R. S. *Cases on business law, bailments and carriers, security rights, property, insurance, banks and banking, bankruptcy, crimes, trade regulation.* (St. Paul: West Publishing Co. 1925. Pp. xxii, 1044.)

BENNETT, G. E. *Accounting systems, principles and problems of installation.* (Chicago: A. W. Shaw Co. 1926. Pp. xvi, 554. \$5.)

—. *Teachers' manual of basic accounting, with solutions to accounting problems.* (New York and Chicago: Gregg Publishing Co. 1925. Pp. iv, 149.)

BOLLING, C. L. *Commercial management: a handbook of modern business practice.* (New York: Pitman. 1925. Pp. 435. \$3.)

BONI, G. DE and SHARLES, F. F. *Hotel organization, management and accountancy.* (New York: Pitman. 1926. Pp. 215. \$3.)

BROADHEAD, N. H. *Brush manufacturing costs.* Official pubs. vol. VII, no. 10. (New York: National Association of Cost Accountants. 1926. Pp. 11.)

BROOKINGS, R. S. *Industrial ownership, its economic and social significance.* (New York: Macmillan. 1925. Pp. x, 107. \$1.25.)

CAMMAN, E. A. *Uses of standard costs.* Official pubs. vol. VII, no. 12. (New York: National Association of Cost Accountants. 1926. Pp. 14.)

CHATTERJEE, B. C. and COUESLANT, L. D. *Economics of engineering.* (Benares: Surjya Narayan Chatterjee. 1925. Pp. iii, 384.)
Deals with factory management, finance, accounts and production methods.

COLLER, F. H. *A state trading adventure.* (London and New York: Oxford Univ. Press. 1926. Pp. ix, 360. \$4.25.)

CONDON, D. P. *Principles and practice governing transfer and registration of stock: the views of a New York transfer agent.* (New York: Farmers' Loan and Trust Co. 1925.)

COWLES, C. E. and STARKEY, W. L. *Elements of bookkeeping.* Second unit. (New York and Chicago: Charles E. Merrill Co. 1925. Pp. vi, 295.)

CROWELL, C. R. *Book shop accounts and records.* (New York: National Assoc. of Book Pubs. Pp. 24.)

DENISON, R. F. *A manual for the issuing and sale of Ohio bonds and other public securities, with forms of procedure.* Second edition. (Cincinnati: W. H. Anderson Co. 1925. Pp. 191.)

DITEHETT, S. H. *Marshall Field and Company. Die Lebensgeschichte e. grossen amerikan. Warenhaus-Konzerns. Deutsche Ubers.* (Berlin: L. Schottlaender & Co. 1925. Pp. 179.)

DUNN, R. W. *American foreign investments.* (New York: Viking Press. 1926. Pp. xi, 421. \$5.)
A comprehensive study of private investments by Americans in foreign countries, including both governmental and corporate securities. A summary is given of the growth of international indebtedness as far as citizens of the United States are involved; and detailed tables are furnished showing American investments in each foreign country and the purpose for which the investment is made. The appendices, which cover over 200 pages, have reprints of bankers' loan contracts and concessions. The information which is given here is collected from a wide range of scattered material; and for the first time a complete picture is presented.

EIGELBERNER, J. *The investigation of business problems: technique and procedure.* (Chicago: A. W. Shaw Co. 1926. Pp. xi, 335.)

FOY, A. *Inventory accounts and the general accountant*. Official pubs. vol. VII, no. 11. (New York: National Association of Cost Accountants. 1926. Pp. 7.)

FRANKLIN, B. A. *The industrial executive*. Ronograph series, no. 40. (New York: Ronald. 1926. Pp. vii, 146. \$1.25.)

FREDERICK, J. G., editor. *Masters of advertising copy, principles and practice of copy writing according to its leading practitioners*. (New York: Frank-Maurice, Inc. 1925. Pp. viii, 392.)

FRI, J. L. *Retail merchandising, planning and control*. (New York: Prentice-Hall. 1925. Pp. vix, 371. \$4.)

This is one of the retailing series of books issued under the editorship of Professor Norris A. Brisco of New York University. According to the editor, the book has a threefold purpose: "First, to present the principles underlying retail merchandising, planning, and control; second, to present actual problems embodying the principles; and third, to meet pedagogical requirements by combining text and case methods of presenting the subject." The author states its purpose to be that of "helping the reader recognize and understand sound principles underlying the successful operation of a retail store"; and he expects the treatment to "appeal to those interested in the problems of merchandising, whether they be in the classroom or in the store." He further states that in presenting the material "no attempts have been made arbitrarily to designate good or bad practices, but rather to show how different practices may be tested and logical conclusions drawn."

The plan of the book is as follows: chapter discussions; bibliographical suggestions; and problems. The latter, we are told, are "taken from actual practice, which call forth a clear understanding of the principles discussed in the text, thus combining text and case method of presenting the subject."

To the reviewer, the author seems to have accomplished his purpose. His analysis is straightforward, his presentation is clear, and the problems presented have the appearance of reality. The treatment is sketchy in places; but this is necessary in a volume which essays to cover the whole field of retailing. It is difficult, it would seem, for the author fully to meet the needs of all of the classes for whom he writes. The management and directing staff—including auditors, accountants, buyers, and the like in large department stores, for instance—may perchance find a treatment lacking in specific suggestions and details, while at the same time students, who are seeking for principles underlying detail, may be bored by the same material. To hold a middle course is not easy, and it may be impracticable.

The content of this volume, the method of presentation, and its preparation for use as a text are symptomatic of the specialization through which the contents of courses in schools of commerce are passing. In the effort to "vitalize" business education by making it concrete, is there not some likelihood of devitalizing it by making it too strongly vocational—indeed, of reducing it at places to little more than business arithmetic? This is a question to which the author gives no attention, and which the reviewer passes by without further comment.

The scope of contents of the volume under review may be indicated by enumerating certain of the chapter titles. The book opens with a discussion of "The field of retailing." This is followed by chapters on "Organization"; "Expenses and profits"; "The retail method of inventory"; "Stock turns"; "The merchandise budget"; "Advertising"; "Merchandise policy"; etc. The arrangement of topics both in the *Contents* and in the book proper gives the reader no idea of the relative importance of the subject matter. If an analytical table of contents, with appropriate choice of type and indentations had been used, the skeleton of the treatment would have been more apparent, and the pedagogical value of the book increased. Moreover, the index is unsatisfactory. As a finding list, the entries are undoubtedly helpful, but as to what is to be found at the pages indicated, they are not always clear. For instance, to what would the inquiring reader expect the following expressions to refer: "allied lines"; "customer traffic"; "emulation"; "management" (one page reference); "plans used by stores"?

The author has drawn heavily—almost exclusively—for his quantitative data on the reports of the Harvard University Bureau of Business Research. For accounting practices and principles, frequent references are made to the various reports and publications of the Controllers' Congress of the National Dry Goods Association. Both, of course, are eminently fitting; but there is some doubt in the reviewer's mind whether the material cited from the Harvard Bureau always has a direct bearing on his stated purpose. The *common*¹ figures prepared by this Bureau include the results both of *successful*¹ and of *unsuccessful*¹ operation of retail stores, while the book under review is "written with the idea of helping the reader recognize and understand sound principles underlying the *successful*¹ operation of a retail store."

HORACE SECRIST.

¹Italics my own.

GARDINER, G. L. *Management in the factory*. Prepared for the university division of the University of Wisconsin. First edition. (New York: McGraw-Hill. 1925. Pp. xii, 225. \$2.)

GARRISON, E. E. *Principles of business accounting and business letters*. (Garden City, N. Y.: Doubleday, Page & Co. 1925. Pp. x, 272.)

GILES, R. *Breaking through competition*. (New York: Appleton. 1926. Pp. vi, 178. \$2.)

Interesting information in regard to buying habits and selling methods.

GILMAN, S. *Analyzing financial statements*. (New York: Ronald. 1925. Pp. vii, 222. \$3.50.)

GUTHMANN, H. G. *Analysis of financial statements*. (New York: Prentice-Hall. 1925. Pp. xi, 454. \$5.)

The general technique of analysis is discussed in the first part of this book under the following headings: (1) place of financial statements in modern business; (2) construction of the balance sheet; (3) construction of the profit and loss statement; (4) analysis of working capital; (5) analysis of fixed assets and capitalization; (6) interpreting balance sheet changes; (7) analysis of the income statement; (8) internal analysis by ratio studies. Part 2 of the volume contains a treatment of particular

types of statements under the three general divisions of public utilities, industrials, and moneyed corporations. Actual statements from many lines of business are used for illustrations.

A. W. HANSON.

HOFFMAN, G. W. *Hedging by dealing in grain futures*. A thesis in economics. (Philadelphia: Univ. of Pa. 1925. Pp. 141.)

HOOVER, H. *Reduction in prices through the elimination of industrial waste*. Extract from thirteenth annual report of the Secretary of Commerce. (Washington: Supt. Docs. 1925. Pp. 28.)

HOTCHKIN, W. R. *Modern merchandising*. (Garden City, N. Y.: Doubleday, Page & Co. 1925. Pp. xxii, 296.)

HOUGH, B. O. *The export executive*. (Scranton, Pa.: International Text-book Co. 1925. Pp. v, 528.)

HUTCHINGS, C. B. *Forecast for 1926*. Official pubs. vol. VII, no. 13. (New York: National Association of Cost Accountants. 1926. Pp. 9.)

IVEY, P. W. *Salesmanship applied*. (Chicago and New York: A. W. Shaw Co. 1925. Pp. vii, 333.)

JOHNSON, D. C. and others. *Yields of bonds and stocks in per cent, correct to the nearest five ten-thousandths of one per cent, and tables for the ready determination of yields of bonds to be repaid at a premium*. (New York: Prentice-Hall. 1925. Pp. 291.)

KESTER, R. B. *Solutions to practice problems for accounting—theory and practice*. Vol. II. Second edition. (New York: Ronald. 1925. Pp. 351.)

KINMAN, J. I. and MORRIS, A. W. *Kinman's bookkeeping and accounting principles and practice*. (Spokane: J. I. Kinman & Co. 1925.)

KNIGHT, S. W. *The Knight method of effective advertising. A complete analytical outline and quick-reference classification of the possible selling arguments, purchasing appeals and expository words, phrases and ideas of retail advertising*. (Worcester, Mass.: S. W. Knight. 1925. Pp. xviii, 188.)

LAIRD, D. A. *Increasing personal efficiency, the psychology of personal progress*. (New York and London: Harper & Bros. 1925. Pp. x, 209.)

LAIRD, D. A. and others, editors. *Industrial psychology: the journal of human engineering*. Vol. I, no. 1. (Hamilton, N. Y. 1926. \$5. per year.)

The table of contents,—“Handling men through their self-interests,” “The National Institute of Industrial Psychology (England),” “Better judgments of men,” “Industrial dissatisfaction,” “Tests for chauffeurs,” “A correlation machine,” and “Control of office output,”—shows the general range of topics considered by this new journal. The articles are sane and practical and embrace topics of pertinence to those in industrial fields.

C. L. STONE.

LYON, H. *Investment*. (Boston: Houghton Mifflin. 1926. Pp. viii, 602.)

McCARTY, W. J. *Accounting elements.* (New York: Prentice-Hall. 1925. Pp. 400. \$5.)

MAHIN, J. L. *Advertising and salesmanship.* (Garden City, N. Y.: Doubleday, Page & Co. 1925. Pp. xxiii, 302.)

MANSON, G. E. *Bibliography on psychological tests and other objective measures in industrial personnel.* Reprinted from *The Journal of Personnel Research.* (New York: Personnel Research Federation, 40 W. 40th St. 1925. Pp. 28. 30c.)

MEAD, E. S. and SCHOLZ, K. W. H. *Rudiments of business finance.* (New York: Appleton. 1926. Pp. xiv, 307. \$2.)
More elementary than Dr. Mead's well-known volume on *Corporation Finance.*

METCALF, H. C., editor. *Scientific foundations of business administration.* Human Relation Series IV. (Baltimore: Williams & Wilkins. 1926. Pp. 341.)

MILLS, C. H. *Fraudulent practices in respect to securities and commodities with special reference to the Martin act.* (Albany: W. C. Little & Co. 1925. Pp. 445. \$7.50.)

PORTE, R. T. *The practical cost system for printing offices.* Revised edition. (Salt Lake City: Porte Pub. Co. 1925. Pp. vi, 159.)

PRAIGG, N. T., editor. *The advertising year book for 1925.* (Garden City, N. Y.: Doubleday, Page & Co. 1925. Pp. xv, 397.)

RACINE, S. F. *Income taxes: questions and problems.* (Seattle: Western Institute of Accountancy, Commerce and Finance. 1925. Pp. 127.)

RAYMOND, W. G. *The public and its utilities.* (New York: John Wiley & Sons. 1925. Pp. xii, 346. \$3.50.)
It is impossible to do this volume justice in a short review. The author modestly refers to it as an "elementary," "by no means exhaustive or all-inclusive" treatment "of the fundamentals of the great problems of the relations between the public and its utilities." The spirit throughout is one of the utmost fairness. The author has introduced a considerable amount of engineering and operating data, so often lacking in works in this field. The volume also sets itself apart through approaching many of the problems which it discusses on the assumption that the public owns and operates its utilities, only later bringing in the special considerations which private ownership introduces. Such treatment does permit of getting down to fundamentals on some subjects, for it leaves out many of the confusing elements of conflict; but the result is somewhat unreal in view of the preponderance of private ownership in this country. The discussion of rate structures is good, especially in the case of gas rates, so often neglected. On valuation the author finds for prudent investment, though strangely he holds for adding the appreciation in land values "because such appreciation seems to be a real addition to the investment" (p. 273). Depreciation is treated at great length. One of the conclusions reached is that, in the case of a well maintained property using the replacement method, if depreciation must be deducted to meet the requirements of the courts, the amount deducted should be

added back as a cost of development or of seasoning. In accounting for depreciation the author prefers, however, the "reserve" to the "replacement" method; in this he is conservative.

Several suggestions are made which, to most economists, will seem wholly unsound. One is the author's idea of "profit." He would abandon the ordinary concept of fair return, treating interest along with operating expenses and adding a profit, "say 10 per cent," based on the sum of the operating expenses, depreciation allowance, and interest. The result is a "cost-plus" arrangement both bad in theory and unworkable in practice. The author turns in his perplexity to the unpromising sliding-scale device. His several references to methods of rewarding efficiency in utility operation are, in fact, elementary in the extreme. Closely related, if not somewhat contradictory, is the author's idea that the fair return is a function of the borrowing rate, being, he says, from four-thirds to three-halves of that rate. Assuming that two-thirds of the capital is borrowed (the author's ideal proportion), then "if 6 per cent is the going lender's rate, 8 per cent would be a fair return on the investment." Under these conditions the stockholder would get 12 per cent "for his fair return and risk." Here functions are confused and incompletely analyzed. The derivation of the "worth" of public utility service in terms of cost (pp. 247-49) is another example of straining for a general rule which may in some cases yield ridiculous results.

Despite these evidences of faulty economic analysis and the author's weakness, along with most engineers, for formulas, the book has substantial merits and some very able passages. Perhaps most important of all, the author has succeeded in putting his readers in a receptive, speculative mood and in drawing their attention to many sound principles and much useful information.

CHARLES S. MORGAN.

SCOTT, D. R. *Theory of accounts*. Vol. 1. (New York: Henry Holt. 1925. Pp. xi, 284. \$2.50.)

Material for a class which meets for recitation three times a week for one semester is provided by this work which consists of four parts: (1) general introduction; (2) the system of accounts; (3) proprietorship; (4) valuation.

SEIDEMANN, H. P. *Manual of accounting and reporting for the operating services of the national government*. Institute for Government Research Studies in Administration. (Baltimore: Johns Hopkins Press. 1926. Pp. xxii, 399. \$5.)

This volume supplements *Principles of Government Accounting and Reporting*, published by the Institute for Government Research in 1921. For the specialist the volume contains material difficult to find elsewhere.

SHERWOOD, J. F. *Accountancy*. (Cincinnati: South-western Pub. Co. 1925. Pp. 432. \$5.)

SIMMONS, E. H. H. *Listing securities on the New York stock exchange*. Address before the Mississippi Valley Group, Investment Bankers Association of America. (New York: N. Y. Stock Exchange, Committee on Publicity. 1926. Pp. 27.)

SMITH, E. L. *Investment trust fund A*. (New York: Investment Managers Co., 22 William St. 1926. Pp. viii, 51.)

STEVENSON, R. A. and TAYLOR, R. E. *Questions and problems in accounting.* (New York: Macmillan.)

STREIT, S. F. *Stock clearing corporation: description of operation.* (New York: Stock Clearing Corp., 8 Broad St. 1926. Pp. 8.)

SULLIVAN, J. J. *Pennsylvania business law: a practical handbook for business men and lawyers.* Ninth edition. (Philadelphia: Business Law Pub. Co. 1925. Pp. 748.)

SWIFT, E. J. *Business power through psychology.* (New York: Scribner's. 1925. Pp. vii, 397. \$3.)

This volume concerns salesmanship and personnel management. The author, a psychologist at Washington University, St. Louis, writes much in the style of a novelist, undoubtedly intending his book for a wide popular circulation. Anecdotes and illustrations are not only profuse, but are taken from a wide range of subject-matter. The exclusion of data and graphs is perhaps a welcome feature to many lay readers. But this omission and the popular style of the author detract from the value of the book for the serious student of the psychological phases of business.

C. L. STONE.

TEEVAN, J. C. *C. P. A. law questions of the Board of Examiners, American Institute of Accountants.* Ronograph series, no. 39. (New York: Ronald. 1925. Pp. 195. \$1.25.)

WASHBURN, E. L. *Accounting for universities.* Ronograph series, no. 41. (New York: Ronald. 1926. Pp. viii, 126.)

WHITE, P. *An introduction to business.* (New York: Henry Holt. \$5.)

WILCOX, D. F. *Depreciation in public utilities: relation of accrued depreciation to annual depreciation and maintenance.* (New York: National Municipal League. 1925. Pp. 112.)

WOODBRIDGE, F. W. *Elements of accounting.* (New York: Ronald. 1925. Pp. xi, 700. \$4.)

This book of 700 pages is designed for a one-year course, and contains considerable material not usually found in elementary accounting texts. The author seeks to emphasize the relations existing between accounting, economics, and the various subjects now being taught in colleges of business administration. After a rather complete discussion of the bookkeeping system, attention is given to cost accounting, partnerships, corporations, the interpretation of statements, and the use of charts. The volume closes with 135 pages of problems and questions and an index.

A. W. H.

Business man's dictionary and guide to English. (Chicago: La Salle Univ. Press. \$2.95.)

Cost accounting through the use of standards. Revised edition. (Washington: Dept. of Manufacture, Chamber of Commerce of the U. S. 1925. Pp. 52.)

Department leasing in retail stores. (Washington: Supt. Docs. Pp. 45.)

Experience with employee magazines. (New York: National Industrial Conference Board. 1925. Pp. 86. \$1.50.)

Factory cost as an aid to greater profits: a report. Investigation no. 36. (Chicago: A. W. Shaw Co. 1925.)

The grain trade: report of the Federal Trade Commission. Vol. VI. *Prices of grain and grain futures.* (Washington: Supt. Docs. 1924. Pp. xxii, 374.)

Housing rents in Pittsburgh, Pennsylvania. Pub. no. 2. (Pittsburgh: School of Bus. Admin., Univ. of Pittsburgh. 1926. Pp. 37.)

How to run a retail automobile business at a profit. Investigation no. 28. (Chicago: A. W. Shaw Co. 1925.)

How to run a wholesale business at a profit: a report. (Chicago and New York: A. W. Shaw Co. 1925. Pp. xii, 222.)

Illinois C. P. A. examination questions, 1903-1918. (Urbana, Ill.: Univ. of Ill. 1926. Pp. 300. \$1.25.)

Legal aid work: an analysis and discussion of the various agencies developed in the United States for the purpose of securing legal justice to poor persons. The Annals, vol. CXXIV. (Philadelphia: Am. Academy of Political and Social Science. March, 1926. Pp. xiv, 210.)

Methods of compensating retail clerks. Methods of compensation, no. 6. (New York: Metropolitan Life Ins. Co., Policyholders' Service Bur. Pp. 13.)

Personnel administration in college curricula: report of committee on relations with colleges. Special paper no. 11. (New York: American Management Assoc. 1925. Pp. 168.)

Review of published statistics relative to cost of merchandise distribution, rates of merchandise turnover, and fluctuations in manufacturing employment in the United States, 1913-1923. (New York: Niles & Niles. 1925. Pp. 43.)

Scientific foundations of business administration. Human Relation series, no. 4. (Baltimore: Williams & Wilkins. Pp. 350. \$5.)

Public regulation of competitive practices. (New York: National Industrial Conference Board. 1925. Pp. xi, 281. \$3.00.)

One of the important fields to which the Industrial Conference Board has been addressing its attention the past year or two has been that of governmental regulation of industrial and business enterprise in the United States. For purposes of investigation and analysis the field has been divided into the following: (1) business practices; (2) trade co-operation; (3) industrial consolidation. The first of these groups of problems pertains to what is familiarly known as unfair competition, and forms the subject matter of the volume under review; the second relates primarily to the field of trade associations, the results of the Board's study of which are embodied in a book entitled *Trade Associations: Their Economic Significance and Legal Status* (reviewed elsewhere in this issue); the third involves the so-called "trust problem," a study of which is yet to make its appearance.

The volume under review comes chiefly from the pen of Professor Myron W. Watkins, and shows every mark of careful scholarship and high literary quality. After dwelling in an introductory way, first on the changes to which commercial organization and practices have been sub-

jected in the last decade, and secondly, on the failure of the common law and the Sherman act to cope satisfactorily with the newer types of unfair competition, the author addresses himself to the task of analyzing from an economic and a legal point of view the more prevalent forms of competitive practices alleged to be unfair. These practices naturally align themselves under three heads: (1) price policies; (2) sales promotion policies; and (3) trade relations policies.

Inasmuch as under the Federal Trade Commission act it has devolved upon the Federal Trade Commission to deal with unfair practices in interstate commerce, the study under review obviously resolves itself into an attempt at appraisal of the commission's success in this sphere of activity. Although scoring in no uncertain language several practices of the commission, the author does not, in common with so many of the recent newspaper and magazine writers, unqualifiedly condemn the commission's work. To be sure, much of the criticism levelled at the commission has been substantial, as is evidenced by the important changes of policy that it adopted last March. Nevertheless a good many of these criticisms are beside the point because they show a misapprehension of the commission's true character as purposed by Congress in the legislation that gave it birth.

With his evidence before him, the author comes to this conclusion: "In the main, administrative regulation, as it has developed during the past decade, represents a constructive force in keeping the fields of industry and trade open to the spontaneous growth of free enterprise." But note the following addendum: "To the courts, however, must be attributed much of the credit for this accomplishment of the launching of the Federal Trade Commission upon a fairly even keel. The new craft has tended at times to list heavily, but the gyroscopic action of judicial review, wisely provided by Congress as an integral part of the administrative machinery, has preserved the ship's balance." Most noteworthy, perhaps, is the author's conviction that in the final analysis, although government regulation as evidenced by the record of the Federal Trade Commission has accomplished considerable in a negative way toward maintaining fair competition and open markets, the real basis for hope of the preservation of the competitive system lies in the voluntary efforts instituted toward this end by business men themselves through their associated activity.

MILTON N. NELSON.

Capital and Capitalistic Organization

Effective Regulation of Public Utilities. By JOHN BAUER. (New York: MacMillan. 1925. Pp. vii, 381.)

In few books is a central theme so rigorously, unremittingly pursued as in this one. From his contacts with the process, the author finds rate regulation unduly expensive and time-consuming, a mere temporizing with particular situations as they arise that fails conspicuously in settling fundamental issues. He seeks, therefore, a means of rendering rate making "a definite and practically an automatic, . . . self-operative" process. The two or three chapters which do not bear on this theme need not detain us.

The key of the answer to the problem the author raises is found in his belief that, "as a matter of fundamental approach, cost throughout is the proper basis of rates." Operating expenses cause him no particular concern; "the crucial problem in rate regulation" arises from failure to put the rate base and the rate of return on a definite cost basis. Only legislation is required to achieve this advance; the courts will not lay on hands if confiscation is avoided. Though the situation is clearer with respect to future than to past investment, as to both, "the actual reasonable investment" (with "various special adjustments") furnishes the fundamental principle which legislation can and should enact into law for the guidance and support of the commissions. Legislatures have stood in unwarranted awe of the court; the latter recognizes its limitations and, though looking with some favor, of undefined extent, upon reproduction cost, its decisions, properly interpreted, "indicate that the ultimate measure of confiscation is whether or not a fair return is realized upon the actual net investment." The author makes a single minor concession to the recent rise in prices. On the assumption that the common stockholders have borne certain risks for which they are entitled to compensation, "the original stockholders' investment would be increased by the percentage by which general prices have risen since the time of the issuance of the stock." (Later merely a fifty per cent adjustment is recommended.) From the investment in the property should be deducted an amount representing "the impaired usefulness of the constituent parts" (depreciation). Land, working capital, going value and the overheads should all be reduced to a strict cost basis. The net sum of the items enumerated is to be taken on the company's books, with such adjustment of the capital stock account, up or down, as may be necessary. This figure should never be changed except as property is added or retired. A period of three, at most five, years would suffice to complete the task outlined for all the utilities of the country.

As indicated before, the return also would be put on a cost basis. Here the author finds for a fixed rate of seven per cent on the existing net investment and the actual market rate for future investments. Only in discussing rate schedules does the author begin to weaken from his cost analysis; here much is said about "what the traffic will bear."

The book concludes with a discussion of the likely effect of the program outlined on the financial stability of the companies and on service and efficiency of operation, as to all of which improvement is foreseen.

Probably most persons having a scientific interest in utility problems would agree with the general character of the program Dr. Bauer proposes. It is, in the large, an extension of the logic of utility regulation. Obviously, however, serious obstacles stand in the way of its

immediate acceptance. Public opinion must be made and defects of the analysis must be cleared away. Some of these defects, as they appear to the reviewer, may be briefly listed.

(1) There is a straining to work out a program complete in its veriest detail and reducible almost to rules of thumb. The utility business cannot, however, be reduced to a single pattern of such fashioning. (2) There is a failure to distinguish at all times between the utility corporation and the ever-changing array of individual investors. (3) Insufficient allowance is made for the complications which constant changes in corporate ownership of property introduce. "Investment" and "original cost" are therefore sometimes confused; and as soon as a property changes hands the distinction between new and old investments breaks down, with the possibility of strikingly divergent effects on the return to the stockholder. (4) Though the author states that "due consideration should be given to the conditions controlling the development of the properties" and elsewhere speaks of the need for elasticity, he passes rapidly over differences in the financial history of companies, as in the treatment of depreciation. (5) The theory elaborated clearly is applicable only to isolable companies; so competitive an industry as the railroad should not, therefore, have been embraced in the study. (6) There is a tendency to forget the long look ahead, as in the treatment of land valuation. Cost at the time of the dedication of lands to public use may in years to come wholly fail to measure the return which society should pay for their use. And what is the future of utilities, such as some street railways at present, which find it impossible to give enough public service to earn on a "reasonable investment"? (7) The author's general dictum that "cost throughout is the proper basis of rates" clearly breaks down in the treatment of particular rates and of the compensation of management.

At times the author fails to allow for the necessarily slow development of public thought on utility regulation. The discussion of court decisions frequently is strained and always militant, though this is not apparent because of the entire absence of reference to the controversial literature. The various references to the Interstate Commerce Commission's valuation work as needlessly prolonged can hardly be subscribed to. Difficulties encountered there suggest possibilities here. The style of the book is highly repetitious. Occasional slips are made, as at page 137: "We must have a definite *physical* basis of determining valuation."

All these remarks can be made and yet we can feel greatly indebted to Dr. Bauer for his provocative study of a problem with which we are certain to be faced increasingly in the future. We should be ungrate-

ful if we did not acknowledge the value, in this and his other writings, of his staunch advocacy of the public interest.

CHARLES S. MORGAN.

Institute of Economics.

Economics of Public Utilities. By L. R. NASH. (New York: McGraw-Hill. 1925. Pp. xii, 430. \$4.)

The author of this book is a public utility executive who combines in a somewhat unusual manner the interests and qualifications of the engineer, the economist, and the teacher. The result is a book which is close to the subjects it treats and always interesting and timely. The analysis of problems is keen and stimulating; on some subjects the author clearly is in the vanguard of contemporary public utility opinion.

By intention, the volume is limited to "the broader business and economic problems of the industry" and, directly at least, to electric, electric railway and gas utilities. The treatment is comprehensive, however, though in some respects lacking in consistency. Thus the point of view from which the chapters are written varies considerably; and the volume, which in general has the earmarks of a textbook (for which use it is largely intended), in places becomes merely a handbook of useful information. The result is the inclusion of some topics (for example, frequency of meter testing, street lighting, the investment qualities of utility securities, possibly taxes) which do not concern college classes, for whom, perhaps, some subjects could have been discussed at greater length. In taking up many topics the author plunges at once into the midst of things, sometimes emerging later with basic principles and sometimes leaving these for the reader to deduce. This method may not be a drawback; it certainly makes for interest.

Only two or three subjects can be touched on in detail. The author refers frequently to the need of rewarding efficiency in utility operation, but his dicta on this subject are strangely contradictory. Thus at p. 235 he says: "The public utility industry has experienced its unparalleled development through the efforts of leaders of aggressiveness and vision. . . . If or when such men realize that their efforts will bring them no reward corresponding to that obtainable in other fields, their energies will be transferred to other fields." Clearly it is management—human beings—he has in mind here. But at p. 51 he says: "The return to investors should not be definitely fixed but should have a flexibility which will stimulate efficiency and encourage improvements in operation." Here it is the author's thought that the reward should go to the investor—capital. On p. 237 an effort is made to effect a reconciliation; but this runs more in terms of rights than of functions and does not squarely meet the issue.

In treating valuation the author cautions against undue devotion to the reproduction theory. The reasoning primarily is from expediency, dictated by the likelihood that actual investment will tend in the near future to yield the larger rate base. (See interesting table, p. 160.) Investment is very broadly defined, however, and in the case of land, at least, is thrown aside for "present value," . . . "in deference to repeated decisions of the courts." Going value and the overhead allowances are discussed at such great length as possibly to give the student an erroneous impression of the difficulty and importance of those subjects. The author undoubtedly makes a good point when he says that some companies have felt compelled to press for cost of reproduction in recent years as a matter of protection, owing to the uncertainty as to whether investment would be protected by the courts in the event of a price decline. If this were the only difficulty, the way would seem to be clear to effect an immediate reconciliation of public and private claims in the matter of valuation. A similar point is made with respect to depreciation in relation to the rate base.

In analyzing several problems the author makes effective use of the fact that in the utility business, investment is typically four or more times the annual revenues, in sharp contrast with most other types of business enterprise. In discussing capitalization, which "under regulation, . . . is not a factor, rates being based on value in which reasonable cost is an element," the statement appears that the payment for promotion, organization, and financing new projects "should be proportional to value, and value is measured by the success of the project." Here is confusion of value and cost, if not an identification of value for rate-making purposes with earning power. In the same connection appears the significant statement that common stock "may . . . be considered as advance capitalization of the early losses or as representing going value."

The chapter on rates is an excellent illustration of the author's fine command of practical considerations. The statement that "the regulatory commissions may well serve in an advisory capacity" in developing satisfactory rate structures is decidedly encouraging in its implicit recognition that regulation has a part to play in utility management. The chapter on public ownership is somewhat patchy. The author states that "regulation, together with customer ownership, has removed all known logical reasons for government ownership in the utility field." But how far, it may be asked, is customer ownership to go? Will it come to embrace the entire ownership or will it be limited to minority holdings? Clearly, as at present conceived, it is of but limited avail for any purpose.

Without a doubt, this book is an important addition to public utility literature at this stage of its development. In the hands of an

experienced teacher it cannot fail to provide abundant material for spirited discussions in university classes in public utility economics.

CHARLES S. MORGAN.

Institute of Economics.

Trade Associations: Their Economic Significance and Legal Status.

(New York: National Industrial Conference Board. 1925. Pp. xiv, 388. \$3.)

Those of us who have been laboring under the handicap of attempting to conduct courses in the field of trade associations with the meager literature now existing will welcome this notable contribution to a subject whose importance is just beginning to receive recognition in the business curricula of our higher institutions of learning.

The book under review, approaching the trade association problem, as it does, from the standpoint of public policy, fills a void heretofore existing, inasmuch as previous publications have dealt more particularly with matters descriptive of trade association organization and functions, or with the legal status of their activities. In this book the emphasis throughout is on "the basic economic considerations upon which sound policy both in trade association activity itself and in the law must be developed."

The thirty-two chapters contained in the book are treated under five major divisions. In part 1 the development of trade associations is briefly sketched and the evolution of public policy toward competition and coöperation traced. Part 2 deals with those association activities (mainly the establishment of common production and price policies) which, since they tend to suppress competition, run afoul of the law. In part 3 a range of association activities calculated to improve, soften, or in some other way to regulate the rigor of competitive conditions receives attention. The interchange of trade statistics, credit information and patent rights, coöperation in purchasing and efforts at standardization of products, processes and business practices fall in this category. Whether such activities as these are in harmony with good public policy or not hinges upon the question of their purpose and necessary effect. If the objective is merely to enlighten the trade as to the best methods of improving commercial and industrial practices, no violation of law occurs. It is otherwise, of course, if these activities are perverted to wrongful ends. Part 4 deals with activities which, because they are quite unconnected with competitive business relations, raise no questions of legitimacy from the public policy point of view. Education in cost finding, commercial and industrial research, advertising and publicity activities, coöperative insurance arrangements and coöperative handling of transportation problems, the improvement of employee re-

lations, conciliation and arbitration activities and efforts to influence legislation, are all of this character. Part 5 deals with the "place of trade associations in the industrial structure."

It goes without saying that if these trade bodies are innocent of all improper motives such as those calculated to place undue restrictions upon the freedom of members or outsiders, and are merely endeavoring to increase economic efficiency and industrial stability, they are doubtless entitled to a lease on life and immunity from legal interference. The theory behind our anti-trust legislation aims to effect a reconciliation between economic liberty on the one hand and public security on the other through the maintenance of competitive conditions. The forces of government therefore stand committed to the task of enforcing competition. Trade bodies can win public support and reduce harassing interference to a minimum if they will but take a firm stand with the government in its fight to eliminate the anti-social outcroppings of the competitive struggle, exemplified, for instance, by business conspiracies, predatory practices and excessive competition carried to destructive lengths. By forcing its members to adopt higher standards of business conduct, the trade association will be instrumental in teaching the business community to play the game of business according to rules of fair play.

The unsocial and narrowly partisan viewpoint of many trade associations is mainly responsible for the attitude of suspicion with which the public and the law-enforcing branch of the government regard many if not most of the activities of trade bodies in general. In order to survive, the members of these bodies must learn to throttle the temptation that usually exists to use their enormous combined power for the purpose of exacting private profit at public expense.

The uncertainty of the legal status of many trade association activities makes it difficult for trade bodies imbued with proper motives to ascertain the boundary lines of legitimate activity. There is great need for judicial clarification of disputed issues. Laws that deal with large matters of public policy are of necessity couched in general terms. Points at issue must await adjudication by the courts. If uncertainty is to be dispelled, some way must be found to expedite these judicial settlements. The author's suggestion that trade associations arrange for the initiation of friendly suits against them in cases where mooted points are involved, seems to meet with fewer objections than any suggested remedy.

The author's style deserves a special word of commendation. Several valuable additions to the book are to be found in the nature of appendices.

Ohio State University.

MILTON N. NELSON.

NEW BOOKS

ALSBERG, C. L. *Combination in the American bread-baking industry, with some observations on the mergers of 1924-1925.* (Stanford Univ., Calif.: Food Research Institute. 1926. Pp. v, 148. \$2.)

BROWN, T. *Public utility law in New Jersey.* (Trenton: MacCrellish & Quigley, 10 Wood St. 1925. Pp. 581.)

COSTIGAN, G. P. *Select cases on the law of trusts selected from decisions of English and American courts.* (St. Paul: West Pub. Co. 1925. Pp. xxii, 1017.)

MARVEL, J. *The general corporation law of the state of Delaware, annotated, with all decisions construing the law; and the statutes of the state of Delaware pertaining to receiverships, with digest of decisions.* Second edition. (Wilmington, Del.: Corporation Service Co. 1925. Pp. 268.)

SMITH, Y. B. and DOWLING, N. T. *Cases on the law of public utilities, selected and annotated.* American Casebook Series. (St. Paul: West Pub. Co. 1925.)

TROMEL, W. *Kartell und Preisbildung in der deutschen Geschirr und Luxusporzellanindustrie.* (Jena: Fischer. 1926. Pp. xii, 143.)

Labor and Labor Organizations

Seventy Years of Life and Labor. By SAMUEL GOMPERS. Vol. I and II. (New York: E. P. Dutton & Co. 1925. Pp. xxxiv, 557; xxvii, 629.)

No review can adequately convey the impression made by the two-volume autobiography of Samuel Gompers. It is a record of the life of a personality that was unique. It is a story of contradiction and paradox, humor and pathos, achievement and failure. Vigor of intellect and mental inconsistency, extraordinary self-denial and vanity approaching egotism, loyalty to friends and unrelenting bitterness toward adversaries, astonishing memory of details and curious lapses into minor errors,—all these stand out as impressive characteristics. But despite paradoxes, it is a true revelation of the life and activity and thought of Samuel Gompers. No reader of this autobiography who ever came even into remote contact with this interesting personality could have the slightest doubt as to the genuineness of its authorship.

It needed no two-volume argument to establish the fact that to Samuel Gompers trade unionism was little short of a religion. It is interesting, however, to get the evidence in his own words, which are most impressive when less consciously directed to that end. That he refused the presidency of an insurance company, a staggering salary to lend his name to an enterprise formed for the economic exploitation of Mexico, and other lures to an easy life of material comfort, is to his credit. But more impressive is the fact that fifty years ago, in the mid-seventies, when the trade union movement was weak and of

doubtful permanency, he entered into an agreement, "more binding than an oath," with a group of close friends that "under no circumstances will we accept public office or become interested in any business venture of any character or accept any preferment outside of the labor movement." This vow was never broken, and so intense was his devotion that at the very close of his life he could refer to his work as something "that is such a privilege to do that I sometimes feel selfish because of my opportunity to do so much."

Trade unionism was to him, of course, an agency for obtaining concessions from the employer, and the trade agreement the means for the elimination of strife and the promotion of economic and social well-being. But it meant more to him than that. It was, to a degree, an end in itself. Membership in a union was the natural state of the self-respecting wage-earner. The union movement was "fundamentally spiritual—a cause which inspires dedication as completely as any religious movement." Yet he did not think of it as having a definite and final pattern; and he was impatient with anyone whose ideas of what unionism should be were too insistently definite—particularly if it meant rapid alteration of the accepted form. "It is hard for the reformer to realize that the labor movement is a living thing and that it must develop by passing through the normal stages of growth."

But, whatever trade unionism might be, he was with it, heart and soul.

I am very frankly a partisan—a union man—not a half-hearted advocate who may be swayed either to the one side or the other. . . . I am unalterably with them, yea, even to the extent of their errors, their mistakes. If I cannot advocate or defend publicly an error or mistake made, I shall try to find an excuse and apologize for it. I have criticised and will criticise and attack a union to the union itself, endeavor to influence it to avoid error. . . . But to the other world, the large world, the world of selfish antagonism to the defenders and protectors of the workingmen's rights and interests, the trade unions, I am a union man, and one who even under the most adverse conditions will defend the trade union movement.

In many such passages the man Gompers stands revealed. In this respect the book is unique. It is intensely personal; and the author justifies it by the statement that "over-modesty is after all in itself a species of vanity. So I have in these pages written a faithful record of what I have seen and done with such comment as seemed necessary for clear understanding."

One gets a picture of a man of extraordinary energy, actively working for a period as long as the whole of life for many another, and at a pace that would have wrecked most men. "The Gompers are built of oak," his mother used to say. This tremendous capacity for work accounts in part for his hold upon the labor movement. But that in

itself is not sufficient to account for the increasing enthusiasm with which year after year from 1886 to 1924—with a break of but a single year—he was elected and re-elected to the office of president of the American Federation of Labor. More than anything else, probably, it was his devotion to the cause of labor, which even his opponents recognized; but his ability to remember faces and names and his genuine love of companionship had much to do with it.

In the early formative period of the Federation, I knew personally the great majority of the members of local unions. This personal acquaintance and contact were of primary importance in mobilizing wage-earners in support of trade unionism. There is nothing I like better than to meet people and feel that good comradeship that comes from mutual understanding and liking. There is no other one factor to which my ability to secure coöperation in the work of the labor movement can be attributed more than friendly good comradeship and ability to meet men on their own level.

Another impression that stands out on nearly every page is self-assurance. No one was ever more convinced of the rectitude of his own position. In every encounter, whether it was a school-boy fight in his youth, or in manhood a conflict with capitalist, statesman, or socialist, he came off a moral or actual conqueror. Hence, he entered every conflict with a righteous joy. Adversaries not slain in previous battles—and some that were—are given an additional clout in this final joust. He revelled in the gore of socialists, pacifists, and European labor leaders. The war chapters bring out this characteristic vividly. He rejoiced in the "virile courage" of American labor as contrasted with "the hesitant attitude of labor in other countries." He met allied labor in a conference made up principally of socialists, and denounced that doctrine as the "fad of fanatics," and a thing that has "no place in the hearts of those who would secure and fight for freedom and preserve democracy." He attacked British labor leaders until they begged for mercy. "Socialists the world over are of the same mental caliber," he explained. "There is only one way to deal with them—don't argue, just tell them."

But if Samuel Gompers was sure of himself in moments of conflict, and if he was equally devoid of hesitation or faltering in his loyalty to the labor movement, the same cannot always be said of his conception of method. Here, though he gave little evidence of doubt, his conduct did not always square with expressed doctrine. Throughout these volumes, the importance of voluntary activity as opposed to compulsion is stressed again and again. This led to the repeated asseveration that the labor movement is economic and not political. The method of collective bargaining rather than of legislative enactment is offered as the only safe course for labor; and consequently, Mr. Gompers was

steadfastly opposed to the organization of a political labor party. He frequently compared the economic position of American labor with that of Great Britain as evidence of the truth of his contentions.

Despite all this, a good bit of space in these volumes is taken up with an account of the "non-partisan" political campaigns that have been regularly staged by the American Federation of Labor since 1906. Probably the basic reason for this departure from theory was the practical one that only the state can supply—at the moment, at any rate,—some of the safeguards that organized labor is conscious of needing; and Samuel Gompers was a realist. But it is obvious, too, that the question of economic and political action falls in an area in which Mr. Gompers' thinking was not always clear. There is no question but that he was a bit of a syndicalist at heart. His fear of governmental activity and his stressing of economic action shows that. But syndicalism means class struggle; and he was loath to admit the existence of class lines. In his later years, he never spoke of the "working class." It was "men and women of labor."

As a matter of fact, the best explanation of the interest of the American labor movement in politics is to be found in its very syndicalism. The issuance of injunctions in labor disputes has at times made the economic struggle impossible. Advocates of economic action must, therefore, seek from the state the immunities that will make their program possible. Yet in discussing labor's political campaigns and the events leading up to the passage of the Clayton act, there is no clear-cut explanation of the issues. It seems to have been the mechanics of law-making rather than the substance that enlisted Mr. Gompers' deepest interest. Perhaps a clue to his thinking here is to be found in his statement that "at no time in my life have I worked out definitely articulated economic theory.... My method of evolving my philosophy has been intuitive." And the chapter entitled "My economic philosophy" begins with repudiating the classical economists and ends with embracing *laissez faire*.

But there is nothing strange in his indifference to economic theory. He grew to manhood, and started his career as a trade unionist under the shadow of the wage fund theory, at a time when there were economists who could prove that strikes for higher wages could not possibly achieve any lasting benefit. He organized the American Federation of Labor in the same year that Richard T. Ely shocked some of his contemporaries by publishing his *Labor Movement in America*. He lived to see the study of labor problems win a place in the most respectable curricula, and recognition of the soundness of collective bargaining become a commonplace in economic discussion. His intuition led him onto solid ground.

New York School of Social Work.

JOHN A. FITCH.

A Legacy to Wage-Earning Women: a Survey of Gainfully Employed Women of Brattleboro, Vermont, and of Relief Which They Have Received from the Thomas Thompson Trust. By LUCILLE EAVES and Associates. Studies in Economic Relations of Women, Volume XII. (Boston: Women's Educational and Industrial Union. 1925. Pp. 135.)

The reader comes to this study with serious question as to whether a study of the administration of a single charity in a small New England city can be of great value, but is reassured by finding that the Women's Educational and Industrial Union itself questioned the significance of the work, yet decided in favor of doing it. This decision, the results justify. The picture presented takes on a considerable measure of importance because of its wide application. The economic opportunities open to women in such a community, their earnings as compared with their cost of living, their home conditions, the hazards of industry which they encounter, all these reflect conditions to be found in many other American towns. If in Brattleboro the working women cannot maintain "health and decency" and make small provision for old age, it seems probable that in most of the smaller cities of the United States they meet the same difficulties. Certainly, Brattleboro conditions as here presented do not seem unusual.

Thomas Thompson left at his death in 1869 a trust fund to be used for the relief of "poor seamstresses, needle-women and shop girls," in temporary need, in Brattleboro, Vermont, and Rhinebeck, New York.

This fund was not available until the beginning of the present century. By that time, the industrial conditions under which women work, as well as methods of philanthropy, had changed greatly. Poor seamstresses and needle-women, in the sense in which Mr. Thompson used the term, are now well-nigh unknown. The trustees of the fund, therefore, were presented with problems of interpretation as well as of administration.

The economic opportunities which the town affords are those of a small manufacturing city: cotton factories, overall factories, clerical work, domestic service, teaching. Some attempt is made to give the educational opportunities enjoyed by the women in each of these occupations, their age, conjugal condition, and intellectual, religious and social interests. The results are presented in informing tables.

The heart of the problem is reached when one turns to the studies of earnings. Over a thousand earning records were tabulated. Here, as at several points in the study, one is troubled by a failure on the part of the authors to make clear whether they are studying the entire group of working women or, if they are dealing with a selected group, what the basis of selection has been. From the study of wages, it is evident that most of the labor of women is unskilled and that there is

great irregularity of earnings. Out of 403 workers who worked 10 months or over in the year, 22 per cent received \$499 or less, 58 per cent between \$500 and \$899, and 18 per cent between \$900 and \$1099. Of 572 employed less than 10 months, 36 per cent received less than \$100 and 50 per cent received between \$100 and \$499. One has no clue as to how large a proportion of this group lived at home and perhaps "helped out" in some emergency rather than regarded themselves as working for a living. For the 1067 Brattleboro women gainfully employed in 1920, the average per capita earnings were \$476. As is to be expected, the teachers' earnings are the highest.

The authors make no special study of the cost of living in Brattleboro but content themselves with saying that the findings of the wage boards acting under the Minimum Wage Commission have been used. They conclude that those women earning from \$13 to \$15 a week are able to meet the minimum cost of living. If this is the case, 67 per cent of the wage-earning women of Brattleboro are not earning enough to meet this standard.

The second part of the report deals with the actual aid given by the administrators of the fund. Much of the relief has been emergency aid, given in cases of sickness of the worker or her dependents. Need of a vacation or unemployment which has brought acute suffering, are also common reasons for assistance. The fact that half of the money given during twenty-one years has gone to women sixty years of age or over, suggests that one of the greatest difficulties is the impossibility, on the scant remuneration which most of the workers receive, of saving for old age. A study of the savings which are accomplished does not indicate that there is any lack of thrift. On the contrary, one wonders at the marvels of saving which are achieved.

The last chapter emphasizes the obvious fact that the administration of aid in cases of acute need, while it may carry individuals through trying periods, is doing nothing to solve the larger economic problem. Elimination of irregular employment is the crying need; vocational training for the workers, and pensions for sickness and old age are also possible remedies to be applied to a social situation of which this description justifies the term "a sick society."

E. DONNAN.

Wellesley College.

State Experiments in Australia and New Zealand. By WILLIAM PEMBER REEVES. Vols. I and II. (New York: E. P. Dutton and Company. 1925. Pp. xii, 391; vi, 367. \$8.)

Industrial Arbitration. Report of the Economic Commission on the Queensland Basic Wage. (Brisbane: Anthony James Cumming, Government Printer. 1925. Pp. 96. 1s.)

Employment Relations and the Basic Wage. Lectures and Papers Published in Connection with the Pitt Cobbett Foundation. (Hobart: University of Tasmania. 1925. Pp. 48. 1s.)

Librarians and others interested in Australia and New Zealand will welcome the reprint of Mr. Reeves' important work, first published in 1902, although they will be sorry that the author has not been able to prepare a revised edition. However, the book will remain a foundation for any future history and estimate of social legislation in Australia and New Zealand, to which Mr. Reeves himself made such a notable contribution in the initiation of the New Zealand Industrial Conciliation and Arbitration act of 1894. Nor has the experimental stage been passed, after the lapse of thirty years, as is indicated by the pamphlets here mentioned.

The Queensland Commission, appointed in 1924, was composed of James Thomas Sutcliffe, Professor R. C. Mills of the University of Sydney, and Professor J. B. Brigden of the University of Tasmania. Strange to say, this was the first occasion when professional economists had served in such capacity in Australia.

Hitherto, the awards and determinations of Australian arbitration courts and wages boards have been based chiefly, though not altogether, upon the estimates of the wage-earners' needs, as when Mr. Justice Higgins, in the celebrated Harvester case of 1907, took as his standard, "the normal needs of the average employee regarded as a human being living in a civilized community," and found that a minimum wage of 7 shillings a day was necessary for a family of about five persons.

In fact, the Harvester precedent, allowing for changes in the cost of living, has been so closely followed that it has determined the level of wages ever since, especially in the decisions of the Commonwealth Arbitration Court. In recent years, however, when more than the "Harvester equivalent" has been demanded, more stress has been laid by both sides upon the employers' capacity to pay; and the movement has been toward the establishment of a basic wage, which is assumed to be above, though it might be below, the Harvester minimum.

The Commission, after careful economic analysis and statistical investigation, recommended that the Queensland Arbitration Court declare a standard basic wage for industries of average prosperity, guided by the capacity to pay, and that the cost of living should only be taken into account after capacity to pay had been ascertained. Capacity to pay should be determined by figures showing changes in income per head, past production per head, and future production per head of Queensland. Reference should also be made to productive efficiency, unemployment, and rates of wages in neighboring states.

The report also recommends a method for obtaining an index of capacity to pay; discusses the fixing of wages above or below the

standard for industries of more or less than the average prosperity; considers piece rates as a method of maintaining or increasing capacity to pay; and suggests a modified scheme of discrimination between wage earners according to family needs.

The second pamphlet is composed chiefly of six lectures by Professor Brigden on the Queensland basic wage and allied topics, including a brief but valuable summary of the results of compulsory arbitration in Australia, and some suggestions looking toward the fixing of wages by coöperation between employers and employees without state regulation.

J. E. LE ROSSIGNOL.

University of Nebraska.

NEW BOOKS

CLARKSON, J. D. *Labour and nationalism in Ireland*. Columbia University Studies in History, Economics and Public Law, Vol. CXX, no. 266. (New York: Longmans, Green. 1925. Pp. 502.)

To those who, because of its uncertainties and the absence of any discoverable thread of continuity, have found difficulty in becoming interested in any phase of Irish history, this will seem a rather heavy dose. It is prosecuted with a documentary zeal and a fine disregard of what is immediately practical, that is perhaps more characteristic of the historian than of the economist.

The study traces the development of the labor movement in the urban districts of Ireland—principally Dublin and Belfast—from the rise of the journeymen's associations of the eighteenth century, down to the "new unionism" of 1909 and following, and the formation of the Irish Labor Party. The main theme or purpose is to show how the discontent of labor has reënforced, if it has not actually prompted, the political aspirations of the Irish people; how the organization of labor on the economic field has been hindered and often diverted from its true course by the emphasis placed upon nationalism; and how the attitude of British labor toward Irish labor has been influenced by this same problem of home rule and nationalism. The growth of a movement more independent of these entangling alliances, dates from "Larkinism" about 1909. Students of labor history will agree with the writer, that the permanent organization of labor in any country or section must be a matter of indigenous growth, and that it is only very slightly the product of importation or missionary effort from outside.

WARREN B. CATLIN.

FELDMAN, H. *The regularization of employment. A study in the prevention of unemployment*. (New York: Harper & Bros. 1925. Pp. xvi, 437. \$3.50.)

Dr. Feldman has made a valuable contribution to the literature of unemployment. The book is concerned with what the author calls "the new American emphasis in the attack on unemployment." This emphasis is on the important part that the employers' labor management methods may play in smoothing out the curve of employment, and thus reducing and preventing unemployment. That public works, saved from periods

of prosperity should be thrown on the market during periods of industrial depression to absorb labor released from private industry, has long been advocated as one of the standard remedies for unemployment. But that private employers might be induced not to release labor, and to offer steady work to their employees throughout the year, and year after year, has only very recently been given any consideration.

Dr. Feldman devotes the greater part of his volume to working out the details of this possibility. He describes the experiences of employers in many lines of industry who have attempted to regularize their work; and he analyzes this experience critically. He finds that regularization of work must be approached first from the side of distribution of products. Demand must be controlled through research, diversification of output, advertising to change buying habits, simplification and standardization of styles, and scientific sales planning. But scientific management of production and of labor relations, and training and transfer of workers within plants, as supplementary measures, may also add much to the steadyng of work. The last three chapters of the book contain a summary and discussion of social and governmental remedies for unemployment.

W. M. LEISERSON.

FISHER, A. G. B. *Some problems of wages and their regulation in Great Britain since 1918.* (London: P. S. King & Son. 1926. Pp. xvii, 281. 12s. 6d.)

GOODRICH, C. *The miner's freedom. A study of the working life in a changing history.* (Boston: Marshall Jones Co. 1925. Pp. xi, 189. \$2.)

Mr. Goodrich presents in this volume some conclusions based on several months' first-hand observation in various centers of the bituminous coal industry. The angle of approach is the peculiar independence of the miner on account of the nature of the industry which makes personal supervision by the employer almost impossible. The introduction of machinery, however, is doing away more or less with the free and easy conditions of underground work and is one of the contributing causes of the present unrest in the coal industry. The volume is a distinct contribution to the development of effective standardization which seems to be one of the things so much needed in the coal industry.

GEORGE MILTON JANES.

GROAT, G. G. *An introduction to the study of organized labor in America.* Revised edition. (New York: Macmillan.)

HOOPINGARNER, D. L. *Labor regulations in industry.* (Chicago: A. W. Shaw Co. 1925. Pp. xvi, 553. \$4.)

This book, which is a general treatment of the problems of industrial relations, has four purposes: first, to provide a foundation for the development of a general point of view concerning labor relations; second, to analyse the major problems which have emerged in the evolution of modern industry, particularly in the field of human relations; third, to describe current tendencies in the organization and control of industrial relations; and fourth, to present constructive suggestions for an improved administration of men and women in industry. The author makes no

claim to a panacea for the perplexing problems which command his attention; but he is convinced that there obtain certain fundamental principles of human behavior and justice which if recognized and applied by management and society will constitute a basis of permanent peace and prosperity in industry. This conviction rests upon the thesis that maladjustment in contemporary industrial relations arises from the lack of thoughtful appreciation of primary human values.

In developing this thesis, which can hardly be called new, the author undertakes an extraordinarily broad scope of discussion. Part I—"A point of view in labor relations"—is a discussion of the relation of the worker to contemporary industry, the nature of the major problems of industrial relations, the character of the basic economic considerations, and the psychology of the worker. In part II—"The control of labor relations"—there is a statement of the problem of control; an analysis of the principles and technique of coöperative management; an interpretation of labor unions, employers' associations, and labor law; a summary of the principles of public control of labor relations; and a description of the functions of education in improving the status of labor in industry. Part III—"The division of earnings"—deals with the principles and methods of industrial remuneration, including profit-sharing. In Part IV—"Working periods and labor supply"—Part V—"Health conservation"—and Part VI—"Special social considerations"—important problems of industrial relations, as unemployment, labor supply, hours of work, health and safety, industrial rehabilitation, woman and child labor, industrial housing, and social insurance, are considered. Part VII—"Focal plant relations"—is a description of the structure and functions of the personnel department, personal analysis, scientific management, and labor loss. Part VIII—"World scope and trends"—takes up principles and practices in the international regulation of industry, and the current tendencies in employment relations.

The social point of view dominates the whole discussion and is frankly accepted by the author as the most logical approach to these problems of human relations. The philosophy of the author might appropriately be described as conservative liberalism, the general trend of his thought manifesting a definite rejection of traditional individualism and all forms of socialism. The existing economic organization, provided it is humanized, is accepted as desirable and workable. Throughout his analysis the author maintains a scientific attitude which results in a well-balanced judgment with regard to the various problems and their solutions.

Although, with the exception of the first three chapters, this book reiterates facts and theories already familiar to the student of industrial relations, the author has contributed an interesting and sound synthetic interpretation of the major problems and tendencies which appear in modern industry. As a treatise on labor problems, the volume seems to me to have two serious defects. In the first place, the scope of the discussion is far too ambitious to permit even a reasonable measure of thoroughness in the presentation of many problems. Cases in point are the superficial discussions of hours of work (ch. 17), health and safety (ch. 18), and industrial rehabilitation (ch. 19). In the second place, there is reason to question the logic of the arrangement of subject-matter.

For instance, it is difficult for one to see why the subject of joint control and public control should precede the analysis and discussion of the major problems out of which such control develops. It would appear to be far more logical to reverse the order here and to treat these forms of control immediately preceding the discussion of international control of industry.

GORDAN S. WATKINS.

LEVIN, S. M. *The second industrial conference and adjustment of disputes.* Reprinted from papers of the Michigan Academy of Science, Arts and Letters, Vol. V. (Detroit: Mich. Acad. of Science, Arts and Letters, 1925. Pp. 16.)

MILLER, E. J. *Workmen's representation in industrial government.* University of Illinois Studies in the Social Sciences, Vol. X, Nos. 3 and 4, 1922. (Urbana: University of Illinois, 1924. Pp. 182. \$2.)

Much has been written since the war in regard to democracy in industry, but it is probably still too early to evaluate accurately the significance or to predict the future of this interesting movement. It is natural that, as a result of the rapid development of shop committees, works councils, etc., during and immediately after the war, extravagant hopes should have been aroused and that enthusiastic claims should have been made concerning the advantage which would come from this movement. Moreover, there was a widespread belief that a wonderful new method had been discovered or invented which was essentially different from anything that had been made use of previously in dealing with labor problems and industrial relations.

If anyone still holds any of these naive views, he will find little to confirm them in this study. In a brief and rather inadequate introductory chapter the author deals with the council movement in foreign countries. He finds that "the Whitley council movement has been and is an attempt to make a more general application of methods that had been thus gradually evolved as a part of the technique of joint industrial control by employers and unions." While "in 1891 there was passed in Germany a labor law which provided for the creation of workmen's committees in German factories."

The following five chapters on "the non-union council movement in the United States, the theory of the council movement, results accomplished by non-union councils in the United States, union joint councils in the United States, and trade unions versus the non-union councils" make up by far the larger part of the work, and are its real reason for being.

The author does not attempt to give a complete historical setting for the non-union council movement in this country, but contents himself with mentioning early instances. It may well be doubted whether the questionnaire method employed by him can be relied upon to secure adequate data for tracing the origin of such a movement or even for the specific inference "that the definite plans for industrial councils, herein studied, were in any way an outgrowth of the experience with such welfare committees seems to be improbable."

The outstanding question which this study raises and toward the solving of which it makes a real contribution is the relationship to and probable effect of this movement upon trade unionism in the United States. The

author finds that "there is no doubt concerning the fact that the non-union council movement in the United States has been largely an anti-union movement." On the other hand, however, he holds that essentially the same purposes, methods and results characterize this movement under union auspices in this country and abroad, and that "there is no justification for the tendency of some writers to distinguish between so-called 'industrial democracy' plans and collective bargaining through unions, with the implication that these non-union council plans achieve real democratic industrial management, and collective bargaining as carried on by the unions does not." He concludes by saying:

One effect of the works council movement appears certain. It has already gained sufficient momentum and sufficient scope to arouse in the leaders of organized labor bitter antagonism..... There seems to be little probability that the non-union council movement will destroy many existing unions in the near future..... However, the non-union council movement, if the present rapid rate of increase continues long, cannot fail to check materially the growth of union. It is in this direction, rather than in destroying existing unions, that its effects will be most harmful to the plans of organized labor.

The reader will find much of value in this study in the way of fact material concerning specific schemes and their operation, even though he may not be interested to accept the writer's conclusions.

CARROLL W. DOTEN.

MONA, G. *Le syndicalisme, les mouvements politiques et l'évolution économique.* (Paris: Marcel Rivière. Pp. 354. 18 fr.)

POTTHOFF, H. *Die Einwirkung der Reichsverfassung auf das Arbeitsrecht.* Heft 5. (Leipzig and Erlangen: A. Deichert'sche Verlagsbuchhandlung. 1925.)

REED, E. F. *An analysis of the report of the Ohio Minimum Wage Commission.* (Columbus: Consumers' League of Ohio and Ohio Council on Women in Industry. 1925. Pp. 118. 30c.)

STONE, E. L., compiler. *Recent references on convict labor.* (Washington: Supt. Docs. 1925. Pp. 19.)

THOMPSON, L., compiler. *Children in street trades in the United States: a list of references.* (Washington: Supt. Docs. 1925. Pp. 12.)

_____, compiler. *Federal control of child labor: a list of references.* (Washington: Supt. Docs. 1925. Pp. 30.)

WICKENS, C. H. *Labour report, 1924.* No. 15. (Melbourne: Commonwealth Bureau of Census and Statistics. 1925. Pp. 168.)

ZIMMERMANN, W. *Die Arbeiterfrage in Deutschland nach dem Kriege.* (Berlin: Gersbach & Sohn. 1925. Pp. 122.)

Coal and commonsense. (London: Coöp. Printing Soc. 1926. Pp. 23.)

Employment relations: a report. (St. Louis: National Association of Manufacturers. October, 1925. Pp. 6.)

International directory of workers' organizations. Part 3. (Geneva: International Labour Office. 1925. Pp. vi, 184.)

List of unions, with addresses, in different countries.

Report of the twenty-fifth annual conference of the Labour Party, Liverpool, 1925. (London: Labour Party, 33 Eccleston Sq. 1925. Pp. 370. 75c.)

Wage changes in various countries, 1914 to 1925. Studies and reports, series D, no. 16. (Geneva: International Labour Office. 1926. Pp. 143. 60c.)

Wages and hours of labour in Canada, 1920 to 1925. Report no. 9. Reprinted from *The Labour Gazette*. (Ottawa: Dept. of Labour. January, 1926. Pp. 45.)

Money, Prices, Credit, and Banking

NEW BOOKS

ANSIAUX, M. and OLBRECHTS, R. *L'assainissement monétaire, un contre-projet.* (Brussels: Maurice Lamertin. 1926. Pp. 31.)

APPLETON, C. *La monnaie romaine et les douze tables.* (Paris: Soc. du Recueil Sirey. 1925. 10 fr.)

BORN, E. *Das Zeitalter des Denars: ein Beitrag zur deutschen Geld und Münzgeschichte des Mittelalters.* (Leipzig: A. Deichertsche Verlagsbuchhandlung. 1924. Pp. 490. M. 16.)

CASSEL, G. *Das Geldwesen nach 1924.* (Leipzig: G. A. Gloeckner. 1925. Pp. 220.)

DICK, E. *The interest standard of currency.* (Boston: Houghton Mifflin Co. 1926. Pp. 286. \$5.)

DIEUDONNÉ, A. *Les monnaies françaises ou l'histoire de France par les monnaies.* (Paris: Payot. 5 fr.)

EHRENSPERGER, F. *Die Pariser Börse und die französischen Bankinstitute seit Ausbruch des Weltkrieges, 1914-1925.* (Zürich: Schulthess & Co. 1925. Pp. x, 382.)

EPSTEIN, E. *Les banques de commerce russes.* With a preface by Yves Guyot. (Paris: Marcel Giard. 1925. Pp. xxi, 129. 15 fr.)

With the gradual recovery of Russia the number of books on economic conditions in this country is steadily increasing. While the book of Mr. Epstein does not discuss the present banking situation, it is a valuable contribution to the literature on Russia's economic development. The volume is a history of the rise and fall of the Russian banking system during the short time of its existence from 1860 to 1918, and is a valuable source to the study of Russia's economic history.

The first three chapters deal with the development of commercial banks in Russia from 1861 to 1914, and point out the great role played by these institutions in the industrial and commercial progress of Russia during the period preceding the war. Contrary to the development in western European countries, commercial banks in Russia were pioneers and forerunners of industry and commerce; and the rapid industrialization of Russia is due to a considerable extent to the efforts of the banks. The changing political views of the autocratic rulers finds its reflection in the operation of the banks. Under the liberal reign of Alexander II the banks flourish, and their number increases rapidly. The conservative

reaction which set in after 1870 put great obstacles to the further development of the banking institutions. It is, however, of interest to note that during the entire period 1860-1914 the Russian banks enjoyed considerable tranquillity with very few banking failures, while the rest of the world passed through several severe banking crises.

Chapter 4 deals with the operation of the banks during the war. Nothing new is revealed in this section; for the problems faced by the Russian banks were more or less the same as those faced by the banking institutions in other belligerent countries. The difference is more one of degree than of principle. The most interesting part of the book is chapter 5, which deals with the struggle of the banks for their existence with the Communistic government and which finally lead to the nationalization and the destruction of Russia's banking system. Every reader of the book will agree with the author that "the nationalization of the Russian banking apparatus is certainly one of the most striking and most instructive incidents in the financial and economic history of the civilized nations." This section also contains a number of interesting decrees of the Bolshevik government such as the order of nationalizing the Russian banks and the repudiation of Russia's domestic and foreign debts.

It is to be regretted that the author, an authority of Russian banking, does not discuss more fully the merits and demerits of the new Russian banking system.

MARCUS NADLER.

GREGORY, T. E. *Foreign exchange before, during, and after the war.* Third impression, revised. (New York: Oxford Univ. Press. 1925. Pp. 116. 85c.)

A revised edition, the original edition having been noted in the AMERICAN ECONOMIC REVIEW, vol. XI, p. 707.

HEINBERG, J. G. *The office of the comptroller of the currency: its history, activities and organization.* Service monographs of the U. S. Govt., no. 38. (Baltimore: Johns Hopkins Press. 1926. Pp. xii, 84. \$1.)

HIRSCHFELD, H. M. *Nieuwe stroomingen in het Nederlandsche bankwezen.* (Roermond: J. J. Romen en Zonen. 1925. Pp. 51.)

KARLMAN, J. E. *Deutschlands Kreditschwierigkeiten nach dem Kriege und der Deutsch-Niederländische Kreditvertrag vom 11 Mai, 1920.* (Köln: Oskar Müller. 1925. Pp. vii, 87.)

KOCH-SCHACHT. *Muenz- und Bankgesetzgebung.* (Berlin: Walter de Gruyter. 1926.)

KOSIER, L. S. *Das mitteleuropäische Kreditproblem.* (Wien: Moritz Perles. 1925. Pp. 32. Rm. 1.30.)

LEVER, E. H. *Foreign exchange from the investor's point of view.* (London: Charles and Edwin Layton. 1925. Pp. vi, 106. 8s. 6d.)

Course of lectures delivered at the Institute of Actuaries, Staple Inn Hall during 1924-25.

MILLER, H. F. R. *The foreign exchange market.* (New York: Longmans, Green & Co. 1925. Pp. viii, 152. \$3.20.)

The first four chapters present an elementary discussion of the theory

of money, credit and foreign trade as a basis for an understanding of the principles and practices of foreign exchange. The remaining chapters cover the customary subjects of foreign exchange payments, exchange markets, rates and factors affecting rates, forward exchange, arbitrage, and the silver exchanges. The book is not for beginners; but it will provide an excellent fund of up-to-date material for one who has a working knowledge of the exchanges.

IRA B. CROSS.

NICKEL, K. E. *Preissenkung: die Teuerungs faktoren und die notwendigen Richtungen des Preisabbaus.* (Cöthen: I. E. Kurth. 1926. Pp. 22. M. 1.85.)

RAU, B. R. *Elementary banking for Indian beginners.* (Calcutta: Calcutta Univ. Press. 1925. Pp. ix, 199.)

A primer for commercial students; clear and concise.

RIST, C. *Die Deflation und ihre Praxis in England, den Vereinigten Staaten, Frankreich und der Tschechoslowakei.* Band I. (Berlin: Julius Springer. 1925. Pp. vi, 128. Rm. 6.60.)

ROBERTSON, D. H. *Banking policy and the price level: an essay in the theory of the trade cycle.* (London: P. S. King & Son. 1926. Pp. v, 108. 5s.)

ROYOT, E. *Essai statistique sur la valeur du franc.* (Paris: Berger-Levrault. 1925.)

SEAY, G. J. *Credit expansion.* (Richmond, Va.: Federal Reserve Bank. 1925. Pp. 12.)

A study of the relation between member bank reserves and the volume of credit extended (expressed in their loans, discounts and investments) as shown by their condition reports June 30, 1918 to June 30, 1925; also the relation of the volume of currency in general circulation to loans and investments and total deposits of member banks, and to loans and investments and aggregate individual deposits of all reporting banks of the country.

SEGRE, M. *Le banche nell'ultimo decennio con particolare riguardo al loro sviluppo patologico nel dopo guerra.* (Milan: La Stampa Commerciale. 1926. Pp. iii, 82. L. 15.)

SERAPHIM, H. J. *Die russische Währungsreform des Jahres 1924.* I Abt., Heft 6. (Leipzig and Berlin: B. G. Teubner. 1925. Pp. 106. Rm. 4.40.)

SPAHR, W. E. and WILLIS, H. P. *The clearing and collection of checks.* (New York: Bankers Pub. Co., 71 Murray St. 1925. Pp. 581. \$7.50.)

STEAD, F. R. *Bankers' tests: the treatment by bankers of applications for loans.* (New York: Pitman. 1925. Pp. 142. \$3.)

STRAKOSCH, S. *Europa als Teuerungsgrund: eine Studie über die eigentlichen Ursachen der Teuerung.* (Wien: Holder-Pichler-Tempsky. 1926. Pp. 63. M. 1.90.)

SYKES, J. *The amalgamation movement in English banking, 1825-1924.* (London: P. S. King & Son. 1926. Pp. xi, 231. 10s. 6d.)

TROMEL, W. *Kartell und Preisbildung in der deutschen Geschirr- und Luxusporzellanindustrie.* (Jena: Fischer. 1926. Pp. xii, 143. M. 7.)

This is an account of the regulation of prices in the German crockery and porcelain industry. It goes into much detail regarding the two means which have been taken to keep up prices, namely the cartel and the fixation of the cost of normal production. German trade in crockery was much injured by the competition of the Japanese during and after the war.

WATSON, J. P. *The bureau of the mint: its history, activities and organization.* Service monographs of the U. S. Govt., no. 37. (Baltimore: Johns Hopkins Press. 1926. Pp. xi, 90. \$1.)

WILLIS, H. P. and **EDWARDS, G. W.** *Banking and business.* Revised edition. (New York: Harper. 1925. Pp. x, 565. \$3.50.)

The revision of *Banking and Business* has resulted in numerous minor changes and the addition of three chapters.

The section on "Financing the business man" has been materially strengthened; and the evolution of foreign trade financing in the United States is more fully outlined. Some recent data on foreign banking have been added, including the organization of the new Reichsbank, with a diagram. The authors failed to revise their statement regarding Canadian chartered banks in the light of recent failures and consolidations.

Of the new chapters, one discusses the form and sources of farm credit. Another, on bank notes, hardly maintains a clear distinction between government paper money and bank notes. The third summarizes from a critical viewpoint the influence of the Federal Reserve System upon banking practice, upon business and agriculture, and in financing the war.

WALTER R. MYERS.

WILLIS, H. P. and **STEINER, W. H.** *Federal reserve banking practice.* Bankers' edition. (New York: Appleton. 1926. Pp. xix, 1016. \$10.)

YOUNG, J. P. *European currency and finance.* United States Senate Commission of Gold and Silver Inquiry. Vols. I and II, serial 9. (Washington: Supt. Docs. 1925. Pp. xvii, 548; xi, 411.)

These two volumes contain a veritable mine of valuable material covering the currency and financial conditions in Europe from 1914 to 1925. Seldom, if ever, has such an abundance of current data been so effectively brought together. The volumes constitute a handbook of ready reference for anyone interested in the financial rehabilitation of Europe and the part that the United States may be expected to play in that connection. Innumerable tables of statistics are presented dealing with the currency, banking resources, foreign trade, national debt, price levels, etc., of the European nations. The discussion accompanying these tables is most illuminating. Of real interest is the series of papers presented by outstanding economists and bankers of each country, including those of the United States, relative to the currency, banking and other financial problems facing their respective countries. The compilation of the material contained in these two volumes was under the direction of Dr. J. P. Young.

IRA B. CROSS.

Annual report of the Bank of France for 1925. (Paris: Reference Service on International Affairs. 1926. Pp. 38.)

Geldentwertung und Stabilisierung in ihren Einflüssen auf die soziale Entwicklung in Österreich. (München and Leipzig: Verlag von Duncker & Humblot. 1925.)

La première tentative d'émission fiduciaire en France: étude sur les billets de monnaie du Trésor Royal à la fin du règne de Louis XIV (1701-1718). (Paris: Les Presses Universitaires.)

Prices in Canada and other countries, 1925. Supp. to *Labour Gazette*, Jan., 1926. (Ottawa: Dept. of Labour. 1926. Pp. 30.)

Die Reichsbank, 1901-1925. (Berlin: Druckerei der Reichsbank. 1926. Pp. vii, 115.)

The Statist international banking section, 1925. (London: Office of *The Statist*, 51 Cannon St.)

Public Finance, Taxation, and Tariff

The Economics of Taxation. By HARRY GUNNISON BROWN. (New York: Henry Holt & Co. 1924. Pp. xxi, 344.)

The general course in principles, with which the American college student begins his study of economics, imposes a heavier demand upon his reasoning powers than do the so-called advanced courses which follow it and which incline generally to narrative and description. This is, in Professor Brown's opinion, an inversion of the proper order, which he would correct by such change in the advanced courses as would offer a progressively increasing test of the students' reasoning faculties. In such manner does he introduce the present book as an appropriate text for a course in taxation.

With the essential spirit of this position I find myself in sympathy. I welcome Professor Brown's clear and courageous insistence upon the distinction between scientific principles of taxation and historical records of tax development or descriptions of existing tax systems or practical rules for the guidance of the financial administrator. I agree with him that it is quite practicable to present these scientific generalizations to college students.

Yet I am troubled with the misgiving that he has permitted this wholesome idea to carry him astray—to an opposite extreme no less dangerous than that from which he seeks to escape. This book deals exclusively with abstract theory, telling us virtually nothing of the relation of these theories to the facts of present-day practical tax problems. The author has frankly intended just this; he has indeed anticipated in part this criticism and set up his defence in the preface. Yet while we may grant his plea that complete inductive verification of the principles of taxation is out of the question, it is nevertheless true

that a very considerable degree of partial verification at least is today within our reach. And beyond this, I am firmly convinced that the true purpose of a textbook in such a field as taxation can never be fully served except as constant reference to the facts is relied upon to illustrate and vitalize the abstract principles of the subject. I cannot follow those who would set a gulf between theory and practical problems in economics. I would correct the situation of which Professor Brown justly complains, not merely by making the advanced courses somewhat more "theoretical," but by making the beginning course much more "practical." Principles and facts must, I believe, be combined all along the line, if our teaching of economics is to attain to the success which the inherent interest and vitality of the subject warrant.

Accepting the author's conception of a textbook in tax theory, his work has on the whole been well done. The advanced student of taxation will find the discussion of certain topics rather meager and will recognize much that cannot claim originality. But this is no adverse criticism, in view of the author's avowed intention to address, not the special students, but the beginners in the study of taxation. Indeed at many points there is distinct contribution. In particular, the thoughtful reader will be well repaid for his perusal of the chapters on the incidence of taxes on monopoly-made commodities and the economic effects of land taxes, upon which latter topic the author is clearly at his best. What appears to me as a defect is the reliance upon arbitrary numerical examples for demonstration of general principles. A greater use of general geometric and algebraic demonstration and graphic illustration would have been an aid even to the beginning student. In general, the language is simple and clear, the reasoning coherent, and the conclusion sound. The author shows familiarity with the literature of his subject and writes with evident assurance, which does not fail him when on occasion he takes issue with other economists.

Yale University.

FRED ROGERS FAIRCHILD.

NEW BOOKS

BEALE, J. H. and MAGILL, R. *Cases on federal taxation.* (New York: Prentice-Hall. Pp. 784. \$6.)

BOLDT, W. *Die Grundstückszuwachssteuer. Ihre Wiedereinführung u. Neugestaltung.* (Berlin: C. Hehmann. 1926. Pp. vii, 84. M. 3.60.)

CONNELLY, W. F. *A plan for the taxation of property in the city of Bridgeport.* Public doc. no. 216. (Hartford: State of Conn. Jan., 1926. Pp. 32.)

GLEASON, L. B. and OTIS, A. *A treatise on the law of inheritance taxation and the federal estate and gift taxes, with statutes, decisions and forms.* (Albany and New York: M. Bender & Co. 1925. Pp. lxxi, 1461. \$15.)

GRABOWER, R. *Die Geschichte der Umsatzsteuer und ihre gegenwärtige Gestaltung im Inland und im Ausland.* (Berlin: Carl Heymann. 1925. Pp. xv, 350. Rm. 16.)

HALL, W. L., compiler. *A bibliography of taxation in Virginia since 1910.* (Richmond: Virginia State Library. 1926. Pp. 38.)

HAUSSMANN, F. *Kritische Betrachtungen zur neuen Steuerreform.* (Köln: P. Neubner. 1926. Pp. 39.)

KIX MILLER, W. and BAAR. *1925 United States income and war tax guide.* (Chicago: Commerce Clearing House. 1924. Pp. 314.)

MASCHKOWSKI, H. *Wegweiser durch die Reichssteuertarife.* Berlin: Verlag Franz Vahlen. 1926.)

MERING, O. *Die Steuerlast in Deutschland.* (Jena: Fischer. 1926. Pp. v, 53.)

MONTGOMERY, R. H. *Excess, profits, estate gift, capital stock tax procedure, 1926.* Vol. II. (New York: Ronald. 1926. Pp. iv, 853. \$6.)

MORRISON, F. W. *Equalization of the financial burden of education among counties in North Carolina: a study of the equalizing fund.* Contributions to education, no. 184. (New York: Teachers Coll. 1925. Pp. vi, 88.)

RICCI, U. *Dal protezionismo al sindacalismo.* (Bari: Gius. Laterza & Figli. 1926. Pp. viii, 188. L. 12.)

SELIGMAN, E. R. A. *Studies in public finance.* (New York: Macmillan. 1925. Pp. ix, 302.)

This is a companion volume to the *Essays in Taxation*, which has passed through several editions. It is made up of papers published in periodicals and proceedings of societies which the author has not found a place for in the forthcoming *Principles of Fiscal Science*, to be published in three volumes. This, it is announced, is almost ready for the press. Among the papers to be noted in the collection are: "Comparative tax burdens in the twentieth century," "The allied debts," "Are stock dividends income?" "The sales tax," "Death taxes, state or national?" "The reform of municipal taxation," and "The French colonial fiscal system."

TAYLOR, R. E. *Municipal budget-making.* (Chicago: Univ. of Chicago Press. 1925. Pp. xiii, 233.)

Annual report of the comptroller, State of New York. Legislative doc. no. 8. (Albany: State House. 1926. Pp. xx, 322.)

Budgets and visible commercial balances of European countries, 1922-1925. Bull. no. 7. (Paris: Reference Service on International Affairs. 1925. Pp. 39.)

Cost of government in the United States. (New York: National Industrial Conference Board. 1926. Pp. 138. \$2.)

Decisions of the comptroller general of the United States, July 1, 1924, to June 30, 1925. Vol. IV. (Washington: Supt. Docs. \$2.25.)

"Covers list of claimants, table of statutes, etc., cited in decisions, revised statutes, decisions of the comptroller general, etc."

Income taxes in the British Dominions. Supplement no. 5. (London: H. M. Stationery Office. 1926. Pp. iv, 517-539. 1s.)

"A digest of the laws imposing income taxes and cognate taxes in the British Dominions, Colonies, Protectorates, etc."

State property tax to aid in the support of an eight-months' school term: debate handbook. University extension bulletin. Vol. V, no. 6. (Chapel Hill: Univ. of N. C. Press. Pp. 108. 50c.)

New York state transfer and estate tax laws: articles 10, 10-A and 10-B of the tax law, as amended. (New York: Guaranty Trust Co. of N. Y. 1925. Pp. 108.)

Statistics of municipal finances for city and town fiscal years ending between November 30, 1923, and March 31, 1924, Commonwealth of Massachusetts. Pub. Doc. no. 79. (Boston: State House. 1925. Pp. xxix, 301.)

Population and Migration

NEW BOOKS

BABER, R. E. and Ross, E. A. *Changes in the size of American families in one generation.* University of Wisconsin studies in the social sciences and history, no. 10. (Madison, Wis.: Univ. of Wisconsin. 1924. Pp. 99. \$1.)

This important monograph on the differential birth rate concludes that among native American, completed, Middle Western families furnishing college material there has been a shrinkage in the family size from 5.44 children per family in the "past generation" to 2.81 children per family (including infertile couples) in the "present generation" (3.35 excluding infertile couples). Of the present generation 13 per cent of the unions were infertile, and 18 per cent had one child. In contrast with this is the material revealed in Miss Halverson's study in the chapter showing that 100 *dependent* families scattered throughout the Middle West had families twice as large.

The two generations are compared with respect to childhood environment, occupation, education, age at marriage, birth intervals, and size of family. While the census has shown earlier marriage in the present generation, the author's study evidenced marriage at a later age which is explained by their method. Birth intervals were only slightly longer in the present generation, while the inverse correlation between the mortality of children and the size of the family is disappearing, as would be expected.

The discussion of the relation between education and family size lacks penetrating analysis. Higher education and low fertility go together; but no one has conclusively shown that the lower fertility is due to this. In fact there is much evidence for independent causation due to other factors. The causes of the decline, which amount to 38½ per cent, receive inadequate attention. Nor is mention made of the obvious fact that the dissemination of restrictive methods would considerably correct the tendencies deplored. No cover mention is made of Miss Halverson's valuable contribution.

NORMAN E. HIMES.

DUBLIN, L. I., editor. *Population problems in the United States and Canada: an outgrowth of papers presented at the 80th annual meeting of the American Statistical Association, December, 1924.* (Boston: Houghton Mifflin. 1926. Pp. xi, 318. \$4.)

LAUCK, W. J. and JENKS, J. W. *The immigration problem.* (New York: Funk & Wagnalls. \$4.)

MÜLLER, J. *Der Geburtenrückgang.* (Jena: Fischer. 1924. Pp. vi, 144. M. 5.60.)

STEPHENSON, G. M. *A history of American immigration, 1820-1924.* (Boston: Ginn. 1926. Pp. vi, 316. \$2.40.)

SWEENEY, J. S. *The natural increase of mankind.* (Baltimore: Williams & Wilkins. 1926. Pp. 185. \$4.)

WORK, M. N., editor. *Negro year book: an annual encyclopedia of the negro, 1925-26.* 1925. Pp. 544.)

Die Bevölkerung der Stadt Hamburg vor und nach dem Kriege nach Geschlecht, Alter und Familienstand. (Hamburg: O. Meissner Verl. 1925. Pp. 81. M. 3.)

Immigration Restriction League: annual report of the executive committee for 1925. (Boston: Immigration Restriction League. 1926.)

Social Problems and Reforms

NEW BOOKS

ALDRIDGE, H. R. *The national housing manual: a guide to national housing policy and administration.* (London: National Housing and Town Planning Council. 1923. Pp. v, 526.)

Part 1 contains the most comprehensive history of housing available in the English language. It would be more usable, however, if references were cited. Part 2 covers the British Housing acts of 1914, 1919, and 1923, and their administration. Part 3 outlines the nature of the housing problem, the "breakdown of private enterprise," and the duty of state and local authorities in regard to housing. Part 4 makes detailed recommendations for a national housing policy and the administration of the Housing act of 1923. The text of each of the thirteen British Housing acts from 1890 through 1923 is printed. Part 5, on the housing problem in other countries, is partial, inaccurate, and unimportant. Parts 2, 3, and 4, because of their careful assembling of material on British national housing policy and the experienced comments and suggestions of the author (who is Secretary of the National Housing and Town Planning Council) are indispensable for students of state-aided housing in America or abroad.

JAMES FORD.

BAKELESS, J. *The origin of the next war: a study in the tensions of the modern world.* (New York: Viking Press. 1926. Pp. 318. \$2.50.)

BARNES, H. *Housing, the facts and the future.* (London: Ernest Benn. 1923. Pp. 450.)

The title of this volume suggests a comprehensive treatment of the housing problem. The book (which was written by the chairman of the

Housing Committee of the Independent Liberal Party in the House of Commons) actually confines itself to a study of the history of the housing shortage in Great Britain, to an analysis of building costs and rents, and governmental house building policy. As its methods of analysis are original and suggestive, it should be consulted by anyone who undertakes to estimate the housing shortage, or who wishes to evaluate the recent housing policy of Great Britain.

JAMES FORD.

BOODY, B. M. *A psychological study of immigrant children.* (Baltimore: Williams & Wilkins. 1925. Pp. 163. \$4.)

CHASE, S. *The tragedy of waste.* (New York: Macmillan. 1925. Pp. 296. \$2.50.)

With eight million men giving their time and energy to activities socially undesirable, with an average of six millions idle every working day of the year, with four million man-power wasted in faulty productive methods, and two and one-half millions in inefficient distribution, it is small wonder that Stuart Chase regards our present industrial situation as tragic. For there is here represented as going to waste the productive power of approximately one-half of the able-bodied adult population of the United States. But the tale is not complete until the wastes in exploitation of coal, oil, lumber, and other natural resources have been added. We have then a total which is astounding. In presenting these figures, Mr. Chase does not lay claim, of course, to any great degree of exactness. He aims merely to show that the wastes are "sufficiently serious; that under some sort of co-ordinated community control, immense savings both in man-power and in material might be made."

The author is imbued with the economic humanitarianism of Ruskin, Hobson, and Tawney. He is greatly concerned, therefore, that "for millions of people in America the annual income is, and has long been... not a living but a dying wage." He believes that in a "functional society" (one which places service before money-making) sufficient waste might be eliminated to double our output and thus raise standards of living. But this will be accomplished, if at all, through our "engineer business men"—our Fords and Filenes—and not through our "stock-and-bond business men," who see industry primarily in terms of profitable investment.

This small book is literally crammed with facts, some exact and others estimated, but none masquerading under false colors. When "guesses" are indulged in, which is not infrequently, they are plainly labelled. Mr. Chase has made concrete and vivid a situation which, in a general way, all have known to exist. And, not least of all, he has demonstrated that a factual study may, in its presentation, be genuinely exciting.

PAUL F. GEMMILL.

EDGERTON, A. H. *Vocational guidance and counseling, including reports on preparation of school counselors.* (New York: Macmillan. 1926. Pp. xvii, 218. \$1.60.)

EMMONS, A. B. *Health control in mercantile life: a problem in conserving human energy.* (New York: Harper. 1926. Pp. xi, 234. \$8.)

GOOD, A. *Sociology and education.* (New York: Harper. Pp. 616. \$8.)

GROVES, E. R. *Social problems and education*. (New York and London: Longmans, Green. 1925. Pp. v, 458.)

HARRINGTON, J. C. *Catholicism, capitalism or communism*. (St. Paul: E. M. Lohmann Co., 385 St. Peter St. 1926. Pp. 450. \$2.50.)

HAIG, R. M. *Toward an understanding of the metropolis: some speculations regarding the economic basis of urban concentration*. Reprint from the *Quarterly Journal of Economics*. (New York: Regional Plan of N. Y. and Its Environs, 130 East 22nd St. 1926. Pp. 28.)

HEWES, A. *Women workers and family self-support*. Women's Bureau, U. S. Dept. of Labor, bull. 49. (Washington: Supt. Docs. 1925. Pp. 10.)

This brief pamphlet reports a study made by students in the economic course of the Bryn Mawr Summer School for Women in Industry in 1924. 101 students were studied by members of the group who drew up a schedule of investigation and collected data and interpreted the experience of these women workers in connection with the support of their own families. The results were interesting as showing the large amount of family support carried by women workers. Nineteen of the women were the sole supporters of other persons in the family group, and at least eighteen others contributed to the family an amount in excess of the cost of their own maintenance. Over $\frac{3}{4}$ of the group, 78 out of 101, lived at home; and all but one of these contributed to the family expenses. In general, these workers contributed so large a share of their earning that "it determined the economic position of the worker in a very important way."

While these and other facts in the brief study are significant, the reviewer desires to call particular attention to the method of the study. It was made by a group of students who collected facts out of their own experience. Professor Hewes has employed this method in other instances as in studying family composition in college groups of undergraduates. It is a method which teachers both of economics and sociology and the social sciences generally, might employ more widely with great benefit. Teachers constantly lose sight of the fact that in the actual experience of the student group before them, they have the raw materials of study and investigation, and that in making studies of their own experience, the students lay hold of reality, in a way which is very stimulating. The reviewer has found this true in studies of students' standards of living, expenditures in connection with college education, as well as in studies of the family background from which the students come. Limited as the variety of such data may be, its significance for training purposes far outweighs its scientific importance. A study of personal data, of institutional data, of local community data, is always available, as well as the mass of documentary material to which teachers so instinctively turn.

BENJAMIN R. ANDREWS.

JENKINS, F. W., compiler. *Provisions for care of the aged: a selected bibliography*. Bull. no. 75. (New York: Russell Sage Foundation Library. 1926. 10c.)

LENROOT, K. F. and LUNDBERG, E. O. *Juvenile courts at work: a study of*

the organization and methods of ten courts. Children's Bureau, pub. no. 141. (Washington: Supt. Docs. 1925. Pp. 330.)

MACADAM, E. *The equipment of the social worker.* (New York: Holt. 1925. Pp. 224. \$2.50.)

MARIANO, J. H. *The Italian immigrant and our courts.* (Boston: Christopher Pub. House. 1925. Pp. 87.)

MORRISON, G. H. *Addresses for women workers: a volume of suggested discourses for women who speak in public.* (New York: Doran. 1926. Pp. 212. \$2.)

ODUM, H. W. and WILLARD, D. W. *Systems of public welfare.* (Chapel Hill: Univ. of N. C. Press. 1925. Pp. 302.)

PECK, E. F. *Child placing.* Children's Bureau pub. no. 148. (Washington: Supt. Docs. 1925. Pp. 51.)

"Adoption laws in the United States; a summary of the development of adoption legislation and significant features of adoption statutes, with the text of selected laws."

QUEEN, S. A. and MANN, D. M. *Social pathology.* (New York: Thomas Y. Crowell Co. 1925. Pp. xxi, 690. \$3.50.)

As the reader should expect from its title, this book covers a wide range of subjects. It consists of three principal divisions dealing respectively with family disorganization, economic disorganization and health problems, while throughout the discussion personal demoralization is held in the foreground. Several subjects such as woman and child labor and allied topics, which have not usually been considered in a book of this type, are included. On the other hand, delinquency, crime and punishment are for some reason omitted.

The book is definitely planned as a text for college courses in sociology. Its most important innovation consists in introducing each subject or problem with concrete situations in the form of short social histories of one or more cases. These histories will, no doubt, prove highly stimulating to students and may simplify the reading of the more prosaic material that follows. But there is danger of expecting too much. The editor of the book says, "The approach is that of the case worker." However, the number of cases presented to illustrate a particular problem is insufficient to justify generalizations as to causes, remedies, or methods of case treatment. The story, for example, of a certain "girl of the streets" has distinct value; but it hardly throws much light on the problem of prostitution. Nevertheless, human interest stories, such as these, fit very well into the project method of teaching.

The discussion of social backgrounds and causes is subordinated to that of treatment; and this phase of the problem is well handled. Each chapter concludes with a short set of questions for further study and a brief but carefully selected bibliography. A final chapter deals with the problem of social reorganization and the remaking of personality. Although personal rehabilitation is stressed, the author recognizes the need of an educational and legislative program to effect the needed reorganization of the social order.

GEORGE B. MANGOLD.

Ross, F. A. *School attendance in 1920: an analysis of school attendance in the United States and in the several states, with a discussion of the factors involved.* Census Monographs V. (Washington: Supt. Docs. 1924. Pp. xx, 285. \$1.25.)

Bibliography on vocational guidance. Revised edition. Trade and Industrial series, no. 19. (Washington: Fed. Board for Vocational Education, 200 N. J. Ave., N. W. Dec., 1925.)

Children indentured by the Wisconsin state public school. Children's Bureau pub. no. 150. (Washington: Supt. Docs. 1925. Pp. v, 132.)

Proceedings of the national conference of social work at the 52nd annual session held in Denver, Colorado, June, 1925. (Chicago: Univ. of Chicago Press. 1925. Pp. vii, 733.)

The prohibition situation. Research bull. no. 5. (New York: Federal Council of the Churches of Christ in America. 1925. Pp. 83.)

Registration of aliens. (Washington: Chamber of Commerce of the U. S. 1926. Pp. 19.)

Standard encyclopedia of the alcohol problem. Vols. I-V. (Westerville, Ohio: Amer. Issue Pub. Co. 1925. \$37.50.)

Vocational guidance and junior placement. Children's Bureau pub. no. 149. (Washington: Supt. Docs. xii, 440.)

Insurance and Pensions

NEW BOOKS

BLANCHARD, R. H. *Workmen's compensation in the United States. Studies and reports, series M, no. 5.* (Geneva: International Labour Office. 1926. Pp. 103. 40c.)

BURBACH, O. *Geschichte der Beziehungen zwischen Lebensversicherungsgesellschaften und Vertrauensärzten in Deutschland.* (Berlin: E. S. Mittler & Sohn, Kochstrasse 68. 1925. Pp. 70.)

HERRMANNSDORFER, F. *Versicherungsunternehmungen und Konzentration.* Heft 37. (Berlin: E. S. Mittler & Sohn. Feb., 1926. Pp. 90.)

JONES, F. R., compiler. *Digest of workmen's compensation laws in the United States and territories, with annotations.* Ninth edition, revised to December 1, 1925. (New York: Workmen's Compensation Publicity Bureau. 1925. Pp. 464.)

LOVELACE, G. M. *Life insurance fundamentals.* Revised edition. (New York and London: Harper. 1925. Pp. vii, 257. \$3.25.)

MAYER, E. *Die geistigen Grundlagen der Sozialversicherung und des Aerztestandes.* (Berlin: C. F. Pilger & Co. 1925. Pp. 159.)

PAHL, T. *Meine Familie und die sozialen Versicherungen.* (Charlottenburg: Selbstverl. 1926. Pp. 48.)

TRENNERY, C. F. *The origin and early history of insurance, including the contract of bottomry.* (London: P. S. King & Son. Pp. 330. 15s.)

Fire insurance laws, taxes and fees. Twenty-fifth annual edition, revised to September, 1925. (Chicago: Spectator Co. 1925. Pp. vii, 684.)

Inhaltsverzeichnis der Bände 1 bis 25 der Zeitschrift für die gesamte Versicherungs-Wissenschaft, 1900-1925, und der Hefte 1 bis 35 der Veröffentlichungen des Deutschen Vereins für Versicherungs-Wissenschaft, 1903-1925. (Berlin: E. S. Mittler & Sohn. 1926. Pp. 91.)

The Manhattan Life Insurance Company seventy-fifth anniversary convention, 1850-1925. (New York: Manhattan Life Insurance Co. 1925. Pp. 109.)

Old age pension systems existing in various countries. Supplement to *The Labour Gazette.* (Ottawa: Dept. of Labour, Canada. March, 1926. Pp. 15.)

Report of old-age pensions by the Commission on Pensions. Senate Doc. No. 5. (Boston: Secretary of State. 1925. Pp. 280.)

Versicherungs-Wissenschaftliches Prüfungswesen an den deutschen Hochschulen. Heft 35. (Berlin: E. S. Mittler & Sohn. 1925. Pp. 138.)

Pauperism, Charities, and Relief Measures

NEW BOOKS

VIBART, H. H. R. *Family allowance in practice.* (London: P. S. King & Son. Pp. 260. 10s. 6d.)

"An examination of the family wage system and of the compensation fund in Belgium, France, Germany and Holland."

Socialism and Co-operative Enterprises

The Co-operative Movement in Soviet Russia. Studies and reports, series H, no. 3. (Geneva: International Labour Office. 1925. Pp. x, 362. \$1.50.)

In these days when democracy is out of fashion, Mussolini, at the head of one dictatorship, and the Communists of Russia, at the head of another, are well matched in the frankness of their interpretations of the history they have made and in their prognostications for the future. Mussolini comes off the better in the degree of assurance with which he surveys the methods chosen to attain his ends; for one is left to infer that he has never failed to choose the right instrument. The Communists, on the other hand, have naively announced that they have made one, two, three, and four mistakes, and that they are now ready for the fifth and successful try. The co-operative leopard in Russia has been made to change his spots exactly as many times as the Bolsheviks have undertaken to fit co-operation into their schemes for communism. Perhaps that is why it is so difficult today to recognize, and why Dr. James Peter Warbasse of the Co-operative League of America was puzzled as he wandered about Russia in 1924 asking test questions of Russian workmen (who seldom gave him the right answers). Yet as Dr. Warbasse admits, this may have been because

they were Russians rather than because they were coöperators gone wrong.

A great deal of water ran under Russian bridges from the time the first consumers' coöperative society was founded in 1865 until the Bolshevik ascendancy came in 1917; and a great deal more between 1917 and the beginning of 1925, which is the period covered in the study prepared by the International Labour Office. In this survey the history of coöperation after 1917 is divided into four periods: (1) the period of pure Communism; (2) the transition to the New Economic Policy; (3) the first years under the N. E. P., and (4) the period since 1923, which is one of a further removal of restrictions on coöperatives.

The sources used include not only the various coöperative publications, but also the official reports of Russian government institutions. No attempt has been made to reconcile the differences in the figures from these two sources or the different estimates in the coöperative publications themselves, in which different bases are used. One unfortunate result is the impossibility of tracing a given variable, such as the changing membership, through the period covered. The editing of the report has not eliminated the signs of its multiple authorship, such as frequent repetitions. These duplications fill space which might have been devoted to the interpretation of the statistical material, which is often introduced without explanation.

This addition to the already substantial literature on Russian coöperation will have its greatest interest as a source of information on the more recent history of the movement; for the earlier periods have been ably and fully covered elsewhere. The story stops just before the *dénouement*, however, and it must soon be followed by another instalment. The aim of the authors has been not merely to record the chronicles of coöperation as a factor in production and distribution in Russia since 1917, but also to present the different Communist theories for making it a part of the whole scheme of Communism and to explain the results of the practical programs adopted. Accordingly, several chapters in Parts 1 and 2 are devoted to the Communist theory of coöperation and to the policy of the party, and others to the general economic system of the country before and during the years when the coöperatives were the compulsory organs of the state, under Commissariat of Supply.

Part 3 carries the story from the inauguration of the New Economic Policy in 1921, when the coöperatives were assumed to have been restored to their old freedom, to the modifications of that policy made in 1923. It deals chiefly with consumers' coöperation, rather than the agricultural, industrial, and credit coöperatives. The acute

commercial crisis near the end of 1923 brought many modifications in the roles accorded to the coöperatives and to the central body, the Centrosoyus, to the governing board of which Communist party members had been added. At last membership was made voluntary, and the coöperatives were permitted to make purchases not only from the government trading bodies, but wherever they wished. Contrary to all orthodox coöperative principles, they at once began extended speculative trading, in the vain hope of recovering the capital necessary if they were to hold their own against the private traders in the competition for the workers' wages.

The last period, the outcome of which is not revealed in the report, followed a tempo ary reaction against the N. E. P. The Communists decided that the time was not yet ripe for the ousting of the private trader, and that it was necessary to give private capital opportunities commensurate with the state's need of such capital at the moment. The coöperatives were again given a function as a kind of half-way house in the direction of socialized industry, a refuge ready at hand if the private capitalist with his reduced taxes and increased opportunities should go too far.

The final role of the coöperatives is not yet clear. It has not been defined by the Soviet government, which may continue its trial-and-error method of the past in dealing with them. Their present status is not the independent and satisfactory one which is assumed to have come with the N. E. P. Nor is it possible to say how far the compilers of the report are right in their surmise that ". . . in the struggles between the theories of the Communist party and actual economic conditions, economic realities are steadily forcing a return to the principles which underlie the coöperative movement in other countries."

AMY HEWES.

Mount Holyoke College.

NEW BOOKS

BRAILSFORD, H. N. *Socialism for to-day.* (London: Independent Labour Party, Publication Dept. 1926. 2s. 6d.)

ELLIOTT, S. R. *Coöperative store-keeping.* (London: Labour Publishing Co. 1926. 2s. 6d.)

HAMLIN, S. *Private ownership or socialism.* (Philadelphia: Dorrance & Co. 1925. Pp. 207.)

MAN, H. *Zur Psychologie des Sozialismus.* (Jena: E. Diederichs. 1926. Pp. 435.)

RJAZANOV, D., editor. *Marx-Engels-Archiv: Zeitschrift des Marx-Engels-Instituts in Moskau.* Band I. (Frankfurt a. M.: Marx-Engels-Archiv. 1926. Pp. vii, 549.)

ROBENS, J. *Die Organisation im deutschen Genossenschaftswesen.* (Mannheim: J. Bensheimer Verl. 1926. Pp. ix, 92.)

SIMPSON, J. *Canada's experiments in public ownership.* (London: Labour Party, 33 Eccleston Sq. 1926. Pp. 23. 3d.)

Statistics and Its Methods

The Cost of Living in the United States. (New York: National Industrial Conference Board. 1925. Pp. xv, 201. \$2.50.)

There is one gratifying difference between this report and some of the previous reports published by the National Industrial Conference Board,—the name of the author is given. Not on the title page, it is true, but in the foreword we find that the volume reports the results of an investigation by Miss M. L. Stecker and assistants. Our confidence in the findings reported is increased by our knowledge of this responsibility.

There are three principal indexes of the cost of living in this country, by the National Industrial Conference Board, the United States Bureau of Labor Statistics, and the Massachusetts Commission on the Necessaries of Life. From time to time there have been considerable differences in the changes of living costs shown by these three indexes, and everyone who has had occasion to use such indexes has wondered how the differences might be explained. The question is answered in this report by Miss Stecker. A clear and detailed analysis is presented of the methods used in computing the three indexes and the reasons for differences are found in the method of weighting and the selection of price quotations used. The text is supported by comprehensive tables and illustrated by diagrams.

The reader is impressed by the difficulty of the task these three agencies have undertaken in preparing indexes of the cost of living; and he is further impressed by the care with which they have gone about their work. A general cost of living index is much more difficult to compute than a wholesale price index because of differences in living standards from place to place and from time to time, and the difficulty of securing price and rent quotations which are an adequate sample and represent the cost of anything like the same article or accommodation continuously. The maker of a wholesale price index finds his quotations already published. The maker of a cost of living index has to dig out his quotations by questionnaire or special agents.

Considerable differences are frequent between the various wholesale price indexes in this country not only in relative change as compared with a base period, but in direction of movement from month to month. A divergence of some points between different cost of living indexes is quite to be expected, and the divergence which actually occurs of from 5 to 10 points is not at all surprising. The data presented in explanation of this divergence will interest every student of the behavior

of index numbers, as will also the evidence presented to show that the questionnaire method appears in this case to have proved as accurate as reports by agents.

A valuable statistical principle which the reviewer finds illustrated in this report is that in the making and carrying forward of index numbers, the method must be continuous statistical estimating. We cannot set up in advance a formula which can then be followed mechanically. Miss Stecker refers to her final figures as "an estimate of changes in the cost of living." She points out that at every stage in the collection of the data, and from month to month as conditions changed, statistical judgments of one kind or another have been necessary, all of them affecting the ultimate result. The fact is that almost any index number requires the continuous personal attention of a competent statistician or it will run amuck. It is reassuring to learn that the Conference Board index has had this type of attention.

The preparation of index numbers of the cost of living has broadened our knowledge of the economic changes of the past decade; but up to this time we have had no comprehensive statement of their methods of computation and their basic data which would give an adequate basis for judging their scope and accuracy. This book removes the deficiency.

W. RANDOLPH BURGESS.

New York City.

NEW BOOKS

CHAMBERS, G. G. *An introduction to statistical analysis.* (New York: F. S. Crofts & Co. 1925. Pp. xii, 257.)

COPELAND, C. A. *Population of the city of Los Angeles from 1890 to 1923: a study based on names of individuals in city directories.* (Los Angeles: Western Statistical Assoc. 1926. Pp. 18.)

ENGELHARDT, F. *Forecasting school population. Contributions to education*, no. 171. (New York: Teachers Coll., Columbia Univ. 1925. Pp. 76.)

GARRETT, H. E. *Statistics in psychology and education.* (New York: Longmans, Green. Pp. 330. \$3.50.)

MÜLLER, J. *Grundriss der deutschen Statistik. 2 Teil. Deutsche Wirtschaftsstatistik.* (Jena: Fischer. 1925. Pp. xii, 333.)

NICEFORO, A. *La méthode statistique et ses applications aux sciences naturelles, aux sciences sociales et à l'art.* Translated from the Italian by R. Jacquemin. (Paris: Marcel Giard. 1925. Pp. 652. 50 fr.)

Professor Niceforo is the author of several statistical studies on sociological subjects. To the readers of this journal perhaps the most interesting of these would be *Les Indices Numériques de la Civilisation et du Progrès* (Paris, 1921). The present book is a revision and elaboration of an earlier one, *La Mesure della Vita*, published in 1919.

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The author is comprehensive in the applications of statistics; he would measure all phenomena, especially of life, which can be made susceptible to quantitative treatment. Not only does he believe in the wider application of the statistical method to the facts of the inorganic world; but, as the rather curious subtitle indicates, he would extend this method to art, especially to literature. The length of the odes of Horace and Anacreon, the productivity of different schools of painters in different centuries, the frequency of words denoting color in the sonnets of Baudelaire, and a comparison of the length of the sentences of the earlier and later Balzac are examples of statistical series drawn from the field of belles lettres. But from Professor Niceforo's temerity in believing that some elements of style and personality can be measured, it must not for a moment be thought that he is unaware of the limitations of the statistical method and uncritical of the results obtained by its use. As a matter of fact, one of the chief merits of this book is the frequent discussion of the logical foundation and interpretation of statistical facts and characteristics. A healthy skepticism prevails throughout.

Among many other noteworthy features, this treatise contains a most complete discussion of the more exact determination of modal and lateral points of frequency series; a classification of pluramodal series according to the probable cause of the occurrence of more than one mode; a lucid and relatively non-technical account of the fitting of trend lines to time series, with some treatment of cyclical movements; and an unusually clear and adequate statement of the derivation and significance of the coefficients of association, contingency, and correlation. One other feature deserves special mention. What in the great majority of books on statistical method is briefly treated, usually under the heading of categorical series, is here critically examined from a logical standpoint in over 100 pages in such chapters as "From quality to quantity," "Statistics of qualities," and "Measures of qualities." The subject of index numbers receives brief attention in the last named chapter. The author would seem to be in close agreement with Professor Edgeworth's definition of an index number as "a number adapted by its variations to indicate the increase or decrease of a magnitude not susceptible to accurate measurement."

No reader of this book can fail to be impressed by the evidences of its author's learning. Mention is made, sometimes only in a footnote, of important volumes in practically all fields where statistical method has been applied. The work of American statisticians receives due attention, including Professor Fisher's *The Making of Index Numbers*, published just before the book under review went to press.

For the non-mathematical reader who wishes to acquire a knowledge of the logic and elements of statistical method, and for those who desire a general view of the actual application of this method, nothing better than Professor Niceforo's comprehensive book can be recommended.

A. G. SILVERMAN.

PRIBRAM, K. *Probleme der internationalen Arbeitsstatistik*. Kiebler Vorträge 14. (Jena: Fischer. 1925. Pp. 16.)

RIGGLEMAN, J. R. *Graphic methods for presenting business statistics*. (New York: McGraw-Hill. 1925. Pp. 231. \$2.50.)

STONHAM, J., editor. *Official year book of the Commonwealth of Australia*. No. 18. (Melbourne: Commonwealth Bureau of Census and Statistics. 1925. Pp. xxxi, 1110.) Of value, not only for its text, but for charts, diagrams, and statistical maps.

WICKENS, C. H. *Pocket compendium of Australian statistics*. Eleventh issue. (Melbourne: Commonwealth Bureau of Census and Statistics. 1925. Pp. 146.)

WILSON, M. H. *Barometers of commodity prices, industrial stock prices, railroad and public utility stock prices, bond prices*. (New York: Brookmire Econ. Service. Pp. 41.)

General report: results of a census of the Dominion of New Zealand taken for the night of the 17th of April, 1921. (Wellington: Census and Statistics Office. 1925. Pp. xi, 232. 5s.)

Guide to current official statistics of the United Kingdom. Vol. III. (London: H. M. Stationery Office. 1925. 1s.)

The method of analyzing business data. Bulletin no. 8. (Urbana: University of Illinois. December 21, 1925. Pp. 46.) Describes the essential factors involved in analyzing business conditions; secular trend, seasonal variation and their measurement; and isolation of the cycle factor.

Municipal statistics, Canada, 1922. (Ottawa: Bureau of Statistics. 1925. Pp. 69.)

Report on the justice statistics of the Dominion of New Zealand for the year 1924. (Wellington: Census and Statistics Office. 1925. Pp. xvi, 84.)

Statistical review of the registrar-general, England and Wales, for 1924. (London: H. M. Stationery Office. 1925.)

Statistical year-book of Quebec. 1925. Twelfth year. (Quebec: Bureau of Statistics. 1925. Pp. xxiii, 525.)

Statistisches Handbuch für die Republik Österreich. (Wien: K. Gerolds Sohn in Kimm. 1925. Pp. x, 183.)

Statistisches Jahrbuch der Stadt Magdeburg. (Magdeburg: K. Peters. 1925. Pp. 70.)

Statistisches Jahrbuch der Stadt Zürich. (Zürich: Rascher & Cie. in Komm. 1925.)

Die Wirtschaftskurve mit Indexzahlen der Frankfurter Zeitung. Heft 4. (Frankfurt a. M.: Frankfurter Societäts-Druckerei. 1925.)

PERIODICALS

The REVIEW is indebted to R. S. Saby for abstracts of articles in Danish, Dutch, and Swedish periodicals.

Theory

(Abstracts by Morris A. Copeland)

BOWEN, E. *The concept of private property*. Cornell Law Quart., Dec., 1925. Pp. 8. Property is a set of rights of exclusive use and disposal—the oldest of institutions. Though the objects of property have been increasing in number, the rights have been increasingly restricted.

CARLTON, F. T. *The machine and management*. Scientific Mo., March, 1926. Imperfectly developed machinery makes man the slave of the machine; but a fully developed machine age emancipates man from drudgery and unskilled work.

COLLET, C. E. *The development of Ruskin's views on interest*. Econ. Jour. (Supp., Econ. Hist. no. 1), Jan., 1926. Pp. 11.

DAVENPORT, H. J. *Morrow's "Ethics of the Wealth of Nations."* Philos. Rev., Nov., 1925. Pp. 11.

EPSTEIN, R. C. *Industrial invention: heroic or systematic?* Quart. Jour. Econ., Feb., 1926. Pp. 41. Considers the cumulative character of technological progress and the organized research of large corporations. Proposes a program of inductive study.

FISHER, I. *Edgeworth's papers relating to political economy*. Quart. Jour. Econ., Nov., 1925. Pp. 5.

GRIER, L. *The meaning of wages*. Econ. Jour., Dec., 1925. Pp. 17. Except by making wages abnormal, we cannot at present expect them in all cases to do what is required of them.

HOFFMANN, R. *Un nouvel aspect du conflit social. Les rapports de l'entrepreneur et du capitaliste*. Rev. d'Econ. Pol., July-Aug., 1925. Pp. 14. Finds various writers support Pareto's thesis that this aspect of class conflict is of major importance.

KYNNES, J. M. F. Y. *Edgeworth, 1845-1926*. Econ. Jour., March, 1926. Pp. 14. Obituary note.

KILLOUGH, H. B. and L. W. *Price making forces in cotton markets*. Jour. Am. Stat. Assoc., March, 1926. Pp. 8.

KNIGHT, F. H. *Economics at its best*. Am. Econ. Rev., March, 1926. Pp. 9.

MERRIAM, C. E. *The progress of political research*. Pol. Sci. Rev., 1926. Pp. 13. Emphasizes the importance of "closer relations with other social sciences and with natural science."

MUNTZ, E. E. *The early development of economic concepts*. Econ. Jour. (Supp., Econ. Hist. no. 1), Jan., 1926. Pp. 12. Discusses original trade concepts of African natives and their development through outside contact.

PROCOPOVITCH, S. N. *The distribution of national income*. Econ. Jour., March, 1926. Pp. 14. For "advanced capitalistic countries" the distribution is stable and largely independent of the average income per capita. The chief differences between countries are at the lower end of the scale, the curve for "backward agricultural countries" differing essentially from that for "industrial countries."

RICHARDS, R. D. *The early history of the term capital*. Quart. Jour. Econ., Feb., 1926. Pp. 10. Comments on usage by sixteenth century accounting books cited by Cannan.

STOCKS, M. *Economic family and economic man*. Hibbert Jour., Jan., 1926. Because the economist has thought in terms of the "economic man" as a social unit he has neglected the problems of distribution connected with wives and children.

TOLMAN, E. C. *Nature of fundamental drives*. Jour. Abnormal and Social Psych., Jan., 1926. Pp. 10. Drives "of the first order" are toward or away from a particular physiological condition. Second order drives appear to be McDougallian "instincts."

TURGEON, C. *Critique de "l'utilité finale" (suite et fin)*. Rev. d'Econ. Pol., May-Oct., 1925. "Vocabulaire impropre, terminologie malheureuse, doctrine compliquée, subtile, excessive, généralisations imprudentes ou erronées, abstractions difficiles ou impossibles à adapter aux réalités de la vie, psychologie trop souvent systématique et artificielle."

—. *Étude critique de la loi de l'offre et de la demande*. Jour. des Econ., July 15, 1925. "Nous avons donc le devoir d'en défendre le principe contre ceux qui la nient, sans omettre de reconnaître les perturbations que les crises lui infligent et les corrections qu'exigent parfois ses déviations ou ses insuffisances."

VINER, J. *International free trade in capital*. Scientia, Jan., 1926. Pp. 10. Substantially free international movement of capital is justifiable on purely economic grounds both from a nationalistic and a world view, though some impartial international body should "supervise the investment and collection of international loans."

WOLFE, A. B. *Cassel's theory of pricing*. Am. Econ. Rev., March, 1926. Pp. 15.

YOUNG, A. A. *Economics and war*. Am. Econ. Rev., March, 1926. Pp. 13.

Economic History (United States)

(Abstracts by Amelia C. Ford)

BIEBER, R. P. *The southwestern trails to California in 1849*. Miss. Valley Hist. Rev., Dec., 1925. Pp. 34. Shows that an important element in the early American settlement of California was the movement of population along the less known trails starting from Texas, Arkansas, and Missouri; these trails later were followed by the stage coach and railroad; has a map.

BOLTON, H. E. *Spanish resistance to the Carolina traders in western Georgia*. Georgia Hist. Quart., June, 1925.

COULTER, E. M. *The genesis of Henry Clay's American system*. So. Atlantic Quart., Jan., 1926. Pp. 10. Believes it was the local enthusiasm for manufactures in Kentucky, and especially in the city of Lexington, where he started political life at the age of twenty-one, that chiefly inspired Clay's tariff views; he identified himself promptly with industrial interests as a sure road to preferment, though he did not elaborate this policy fully till 1824.

CUSHING, G. H. *The anthracite strike and the consumer*. Rev. Rev., Oct., 1925. Pp. 3. Discusses briefly the issues in the present strike, the situation in the bituminous field, the anthracite supply, and the substitutes for anthracite.

HAFEN, L. R. *The early fur trade posts on the South Platte*. Miss. Valley Hist. Rev., Dec., 1925. Pp. 18. Describes the founders and founding of four adobe forts for fur trade on the river in 1840; the trade itself mentioned chiefly in the footnotes.

MARKHAM, C. H. *The development, strategy and traffic of the Illinois Central system.* Econ. Geog., Jan., 1926. Pp. 18. Describes its construction as a pioneer railroad; its natural advantages as regards location, resources of its territory, the development of manufactures along its lines, and strategic position; and its work as freight carrier in which it transports material belonging to eight commodity groups. Illustrated.

MASON, C. Y. *The cranberry industry in Massachusetts.* Econ. Geog., Jan., 1926. Pp. 11. Discusses the importance of the industry, the essential geographic conditions, the necessary factors of sand and water in development of the crop, coöperation in marketing, the labor supply, and the favorable prospects for the future.

McPHERSON, J. B. *A mill's century of wool manufacture.* Bull. Nat. Assoc. Wool Manufacturers, Oct., 1925. Pp. 17. Traces the history of this early woolen mill in Berkshire county, Massachusetts; its establishment, early handicaps, encouragement of local wool-growing, range of manufactured products, policy pursued, and continuity of service in the management.

MINGOS, H. *Rubber—a national problem.* World's Work, Feb., 1926. Pp. 10. Explains how acute an economic problem has arisen because of America's dependence on foreign sources for the raw material of rubber, the effect on American industry of the British restriction law, and the various obstacles which hinder the growing of our own rubber.

MOODY, V. A. *Slavery on Louisiana sugar plantations.* La. Hist. Quart., April, 1924.

MURPHY, A. M. *The Big Four Railroad in Indiana.* Ind. Mag. of Hist., June and Sept., 1925.

NIXON, H. C. *The populist movement in Iowa.* Iowa Jour. Hist. and Pol., Jan., 1926. Pp. 105. Traces in detail the elements of discontent in Iowa, the reform movements of the 80's, the political struggles of that decade, the decline and significance of the movement; considers that populism foreshadowed a larger sphere of public control of economic activity, that it was a manifestation of the shifting from sectionalism toward class divisions in politics, and that it was "to no small degree produced and destroyed by different stages of the westward movement."

NUSSBAUM, F. L. *American tobacco and French politics, 1783-1789.* Pol. Sci. Quart., Dec., 1925. Pp. 20. A careful study showing that the chief reason why American trade after the Revolution rapidly drifted back into the old relations with England was the failure of the French government to check the rapacity of the farmers-general in control of the tobacco trade; this unnecessary loss of American trade was another economic grievance which further alienated the commercial class from the monarchy. Jefferson repeatedly urged on Vergennes the abolition of the tobacco farm.

NUTE, G. L. *The American Fur Company's fishing enterprises on Lake Superior.* Miss. Valley Hist. Rev., March, 1926. Pp. 21. "This attempt (of the American Fur Company) to increase its profits by adding a subsidiary industry to its main line of activity is anticipatory of business methods generally supposed to have been non-existent until after the Civil war"; it also shows the many-sidedness of the firm's business, the economic conditions in the Ohio and Mississippi valley from 1834 to 1841, and the demand created by the company for home products.

PACK, C. L. *A forest-wise nation.* Rev. Rev., Oct., 1925. Pp. 4. Discusses what is being done in the various sections of our country in the line of forestry work.

STROTHIER, F. *Forest conservation becomes a reality.* World's Work, Feb., 1926. Pp. 6.

WOOSTER, H. A. *A forgotten factor in American industrial history.* Am. Econ. Rev., March, 1926. Pp. 14.

_____. *Manufacturer and artisan, 1790-1840.* Jour. Pol. Econ., Feb., 1926. Pp. 17. A study of the beginnings of merchant-manufacture in southern New England to find out whether the handicraft artisan lost an opportunity to become an independent manufacturer when the modern factory system arose. On the basis of a number of typical cases from several industries, the conclusion is that the craftsman never had such an opportunity in any general sense. He lacked contacts with a market outside his own community; had too much craft pride, and the inertia it condoned, to undertake the necessary sacrifices. He lacked too often the merchandising sense.

From a Colonial account book. *Excerpts from the notebook of the Reverend Timothy Edwards (1669-1758), father of Jonathan Edwards.* Yale Rev. (under the caption Letters and Comment), April, 1926. Pp. 4. Items pertaining to a shopping list, Boston, 1712; business by barter; an eighteenth century college boy's bills; various household expenses; a horse trade; a living wage for ministers.

Letters from a Michigan log cabin, 1830-1834. Yale Rev., April, 1926. Pp. 28. Written by a young Quaker lady chiefly to an aunt in Philadelphia, telling of her pioneering experiences in the wilderness west of Detroit; mentions soil, wages, prices, railroads.

Economic History (Foreign)

ASHTON, T. S. *The domestic system in the early Lancashire tool trade.* Econ. Jour. (Supp. Econ. Hist. No. 1), Jan., 1926. Pp. 11.

BLADEN, V. W. *The potteries in the industrial revolution.* Econ. Jour. (Supp. Econ. Hist. No. 1), Jan., 1926. Pp. 15.

BLOCH, K. *Ursachen und Wirkungen der Zusammenschlussbewegungen in der deutschen Eisenindustrie.* Archiv f. Sozialwiss. u. Sozialpolitik, Oct., 1925. Pp. 20.

DUMBELL, S. *The cotton market in 1799.* Econ. Jour. (Supp. Econ. Hist. No. 1), Jan., 1926. Pp. 9.

FIRTH, R. *Some features of primitive industry.* Econ. Jour. (Supp. Econ. Hist. No. 1), Jan., 1926. Pp. 11.

FOSTER, O. D. *How the situation of Hungary retards normal conditions.* Trade Winds, Jan., 1926.

HEATON, H. *The story of Australian land settlement.* Econ. Record, Nov., 1925. Pp. 8.

LEONTIEF, W. *Die Bilanz der russischen Volkswirtschaft.* Weltwirtsch. Archiv, Oct., 1925. Pp. 7.

MAES-HARVEY, E. *Europe after the war.* Bankers' Mag. (London), Jan., 1926. Pp. 8.

MYLES, W. H. *Sixty years of Punjab food prices 1861-1920.* Indian Jour. Econ., July, 1925. Pp. 53.

O'BRIEN, G. *The Irish staple organizations in the reign of James I.* Econ. Jour. (Supp. Econ. Hist. No. 1), Jan., 1926. Pp. 16.

PAILLARD, G. *Les coalitions industrielles en suisse*. Rev. d'Econ. Pol., Nov.-Dec., 1925. Pp. 32.

POSTHUMUS, N. W. *The French cotton industry after the war*. Harvard Bus. Rev., Jan., 1926. Pp. 9.

VENN, J. A. *The economy of a Norfolk parish in 1783 and at the present time*. Econ. Jour. (Supp. Econ. Hist. No. 1), Jan., 1926. Pp. 14.

YVES-GUYOT. *L'encerclement bolchevik en Asie et en Afrique*. (Extrait) Jour. des Econ., Jan. 15, 1926.

La situation économique de la Suède. L'Econ. Franç., Jan. 30, 1926.

Les résultats économiques de l'exercice 1924-1925 en Russie soviétique. L'Econ., Jan. 9, 1926. Pp. 4.

Sur le règlement de notre dette envers les Etats-Unis. L'Econ. Franç., Jan. 23, 1926. Pp. 2.

Agricultural Economics

(Abstracts by A. J. Dadisman)

BAZELEY, W. A. L. *State policy in forestry*. Sci. Mo., April, 1923, Pp. 6. An outline of a consistent forest policy.

BENNETT, M. K. *The development and purposes of farm-cost investigation in the United States*. Quart. Jour. Econ., Feb., 1926. Pp. 22. Methods, purposes, difficulties, and value of cost production studies.

BENTON, A. H. *Large land holdings in North Dakota*. Jour. Land and Public Utility Econ., Oct., 1925. Pp. 9. A history of the development of bonanza farms, advantages and disadvantages, and general trends in size of farms.

COOPER, T. *Coördination of economic research*. Jour. Farm Econ., Jan., 1926. Pp. 9. A discussion of economic research and types of projects, for a greater economic service to agriculture and how it can be brought about.

CRICKMAN, C. W. *Farm organization and management studies in Warren County, Iowa*. Iowa Exp. Sta. Bull. 229, June, 1925. Pp. 56. A study of more than 1200 farms, by the survey method, to determine profitable types, changes in type, and significant factors of farm practice. Charts and tables are used in presenting the data.

DAVIS, I. G. and HENDRICKSON, C. L. *A description of Connecticut agriculture*. Conn. (Storrs) Exp. Sta. Bull. 127, Mar., 1925. Pp. 167. A summary of the development and a description of the agriculture. Types of farming, size and value of farms, and livestock and crop enterprises are considered by towns. About half the publication consists of statistical tables, and fifty-seven figures are shown.

NOUVION, G. DE. *Les accidents du travail dans les exploitations agricoles*. Jour. des Econ. Pp. 12. A discussion of the development and working of the law providing for reimbursing agricultural laborers who meet with accidents.

DUMMEIER, E. F. *Coöperation in marketing Washington farm products*. Wash. Exp. Sta. Bull. 194, Dec., 1925. Pp. 108. A description of the activities of 169 coöoperative marketing organizations.

EASTERBROOK, L. F. *Why not profit-sharing in agriculture?* Nineteenth Century and After, Feb., 1923. Pp. 7. An argument favoring profit-sharing in agriculture. A specific example is explained.

FALCONER, J. I. *Survey of economic research now being conducted in experiment Stations*. Jour. Farm Econ. Jan., 1926. Pp. 7. A review of the types of economic research now in progress in the states.

FAY, C. R. *Price control and the corn averages under the corn laws*. Econ. Jour. (Supp. Econ. Hist. no. 1), Jan., 1926. Pp. 6. A review of the problems connected with the operation of the corn laws.

GABBARD, L. P. *An agricultural economic survey of Rockwell County, Texas*. Tex. Exp. Sta. Bull. 327, Feb., 1925. Pp. 161. A study of the economic phases of farming in considerable detail. 57 tables and 57 figures are shown. Data are from 500 survey records.

GATLIN, G. O. *Coöperative marketing of cotton*. U. S. Dept. Agr. Bull. 1392, Jan., 1926. Pp. 48. History, principles, and practices of fifteen large organizations for coöperative marketing of cotton.

GAY, M. C. and CROSBY, H. T. *An agricultural survey of central Georgia*. Geo. Col. Agr. Bull. 304, Feb., 1925. Pp. 68. An analysis of data from eight counties with a view to determining what farm products can be produced most profitably. Illustrations, charts and tables are shown.

GRANT, I. F. *The social effects of the agricultural reforms and enclosure movement in Aberdeenshire*. Econ. Jour. (Supp. Econ. Hist. No. 1), Jan., 1926. Pp. 28. The influence of changes in agriculture and economic developments upon the people are carefully traced.

GREELEY, W. B. *Economic aspects of our timber supply*. Sci. Mo., April, 1923. Pp. 11. A survey of the needs for lumber, the supply, probable future, and problems for securing the supply.

HARPER, R. M. *Development of agriculture in Upper Georgia from 1890 to 1920*. Geo. Hist. Quart., Sept., 1922. Pp. 22. A statement of changes and developments in agriculture. The report is based upon data from the thirteenth and fourteenth federal censuses.

HOBSON, A. *The collective leasing and farming of land in Italy*. Jour. Land and Public Utility Econ., Jan., 1926. Pp. 6. The aims, types, extent, functions, and significance of collective leasing of farm land in Italy.

—. *Some agricultural tendencies in European countries*. Jour. Farm Econ., Jan., 1926. Pp. 9. General tendencies in the principal countries are pointed out.

HOLMAN, C. W. *What the corn belt demands*. Am. Rev. Rev., Feb., 1926. Pp. 4. A review of relief proposals for farmers.

LEONARD, W. E. *The wheat farmer of southeastern Washington*. Jour. Land and Public Utility Econ., Jan., 1926. Pp. 17. An analysis of the factors leading to the present conditions of the wheat farmers and some of the ways out.

MACKINTOSH, W. A. *The Canadian wheat pools*. Queen's Quart., Oct.-Dec., 1925. Pp. 28. The formation of the pools, how they operate, their benefits, and how they influence prices.

MUMFORD, F. B. *A century of Missouri agriculture*. Mo. Hist. Rev., Jan., 1921. Pp. 21. Early beginnings, expansion, farmers' organizations, and agricultural institutions are discussed.

NICHOLSON, S. W., FANCETTE, A. M. and BAXTER, R. W. *Fairfield county economic and social*. Bull. of Univ. of S. C., Apr., 1924. Pp. 83. The history, resources, people, schools, wealth, and progress are discussed in relation to the agriculture of the county.

RIVE, A. *The consumption of tobacco since 1600*. Econ. Jour. (Supplement Econ. Hist. No. 1), Jan., 1926. Pp. 19. A study of the amount of tobacco used in England based upon imports, exports and consumption.

Ross, H. A. *The marketing of milk in the Chicago dairy district*. Ill. Exp. Sta. Bull. 269, June, 1925. Pp. 80. The publication considers milk production, present agencies for distribution, trend of consumption, surplus milk and milk prices. Tables and charts are given.

SEYMOUR, F. W. *Our Indian land policy*. Jour. Land and Public Utility Econ., Jan., 1926. Pp. 16. A history of the development and present status of the land problems of the North American Indians.

TOBRINER, M. C. *Legal aspect of cooperative marketing contracts*. Am. Bar Assoc. Jour., Jan., 1926. Pp. 4. A consideration of the legal validity of the contract and the legal enforceability of its various provisions.

VERNON, J. J. and RICHARDS, H. I. *The agricultural situation in Roanoke and its trade territory*. Va. Pol. Inst. Bull. 240, Mar., 1925. Pp. 70. A study of production and consumption of agricultural products in Roanoke and its trade territory. Tables and figures are used in presenting the data.

YODER, F. R. *Some better things in farm life in Washington*. Wash. Exp. Sta. Bull. 195, Sept., 1925. Pp. 45. Some of the best examples of country life, rural schools, small town churches, farmers' organizations, and boys' and girls' clubs in Washington are described.

—. *Hay, forage and pasture in American agriculture*. Commerce Mo., Feb., 1926. Pp. 9. The importance of and place hay and forage hold in the general system of farming in America.

—. *The agricultural outlook for 1926*. U. S. Dept. Agr. Misc. Cir. 65, Feb., 1926. Pp. 32. This report is designed to provide farmers with facts and interpretation of the probable future trends of supply and demand for agricultural products. The common crops and livestock are considered.

Commerce

(Abstracts by H. R. Tosdal)

BECKMANN, F. *Harms Handelspolitik*. Schmollers Jahrb., 49 Jahrg., 6 Heft. Extended review of Professor Harms' recent work on German commercial policy.

COLLINGS, H. T. *The foreign trade of the United States from 1914 to 1924*. Weltwirtsch. Archiv, Jan., 1926. Discusses the effect of the World War upon the foreign trade of the United States, pointing out the changes in organization and policies, 1914-1924.

ECKERT, C. *Aussenhandel und Auslandskredite*. Schmollers Jahrb., 49 Jahrg., 4 Heft. Points out need for fundamental revision of German commercial policy and the possibility of encouraging German export trade through export credit. Emphasizes wisdom of self help.

GOOD, E. T. *Trade chances in Latin America*. Finan. Rev. Rev., Jan.-Mar., 1926. Points out that there are no more promising markets for the goods in which Great Britain specializes than Latin America, and that Latin America can export exactly the things Great Britain needs.

JONES, O. *The Indian market for cotton goods*. Harvard Bus. Rev., Oct., 1925. Brief account of the Indian cotton market and short discussion of the Indian cotton trade and of Lancashire's share in this trade.

MACGREGOR, D. H. *Trade of large and small countries*. Econ. Jour., Dec., 1925. A critical comparison of the methods used by Marshall and Grunzel in supporting the proposition that small countries tend to have a large trade per head.

MOFFAT, J. E. *Is instalment selling a boon or a menace?* Bankers Mag., Feb., 1926. A discussion of the economic problem of the instalment selling plan and a proposed solution.

NAPP-ZINN, A. F. *Frankreichs Seeschiffahrt*. Zeitschr. f. Verkehrswiss. Discussion of the development of French shipping since the war, with special reference to the change in subsidy policy.

PAYEN, E. *Le caoutchouc aux indes néerlandaises*. L'Econ. Franç., Feb. 6, 1926. An account of the production of rubber in the Dutch East Indies and the effect of the Stevenson plan upon their sale of rubber.

PREDOHL, A. *Zur Krisis der englischen Exportindustrie. Die Ergebnisse des Balfour-Berichts*. Weltwirtsch. Archiv, Jan., 1926. A critical summary of the finding of the Balfour report in the future of the British export trade.

SHELTON, T. W. *Unlawful trade combinations in history*. Am. Bar Assoc. Jour., Feb., 1926. Early history of some unlawful trade combinations, early statutes and cases, and pronouncements of English judges prior to present century.

Le marché du caoutchouc en 1925. L'Econ. Franç., Feb., 1926. Brief statistical study of the remarkable rise in prices of rubber during 1925.

Railways and Transportation

(Abstracts by J. H. Parmelee)

BIRD, H. S. *The Van Sweringens turn Nickel Plate into gold*. Nation, Mar. 17, 1926. Pp. 3. Critical review of the effort to merge the Nickel Plate, Chesapeake & Ohio, Erie, and other railroad companies.

COMPES, E. *Die Eisenbahnen der Vereinigten Staaten von Amerika unter dem gesetzgeberischen Einfluss des Bundesstaates seit dem Weltkriege*. Zeitschr. f. Verkehrswiss., nos. 3, 4, 1925. Pp. 12, 26. Influence of federal government on American railway situation, 1917 to 1924.

CRUM, W. L. *The statistical allocation of joint costs*. Jour. Am. Stat. Assoc., Mar., 1926. Pp. 16. Separation of joint railway costs as between the freight and passenger service.

CUMMINS, A. B. *Consolidation—or public ownership*. Nation's Bus., Feb., 1926. Pp. 2.

CUNNINGHAM, W. J. *Gross ton-miles per train hour*. Ry. Age, Feb. 6, 1926. Pp. 4. Analysis of this efficiency unit as applied to a New England railway company.

DUNCAN, C. S. *Some business aspects of "adequate transportation service."* Harvard Bus. Rev., Jan., 1926. Pp. 8. Effect of dependable and improved railway freight service on manufacturer and merchant.

EATON, J. S. *The Potter plan as a pool*. Ry. Age, Feb. 6, 1926. Pp. 3. Compares M. W. Potter's proposal, to distribute a freight rate increase among the western railway according to their net income needs, with the old-time railway pools.

HENRY, R. S. *The shippers are sitting in the game*. Nation's Bus., Mar., 1926. Pp. 3. The work of the Regional Shippers' Advisory Boards.

HUNGERFORD, E. *England's railroad muddle*. Nation's Bus., Feb., 1926. Pp. 4. Results of railway amalgamation in Great Britain.

KNAPPEN, T. M. *Another transportation revolution*. Mag. of Wall St., April 10, 1926. Pp. 3. Inland waterway development, with map.

LATIMER, M. W. *The motor bus situation in 1925*. Harvard Bus. Rev., Jan., 1926. Pp. 18. The growth of bus service and of the problem it presents.

LEVERNE, G. *Les chemins de fer allemands et les résultats de la première année d'application du plan Dawes*. Rev. Gen. des Chemins de Fer, Feb., 1926. Pp. 18.

LONG, J. C. *Motor transport and our radial frontier*. Jour. Land and Public Utility Econ., Jan., 1926. Pp. 10. Effect of automotive development on rural and urban land problems, and on other agencies of transportation than the motor car.

MARKHAM, C. H. *The railroads and the highways*. Ry. Rev., Jan. 30, 1926. Pp. 3. Coöperation rather than competition advocated.

MARSH, A. R. *The operating results achieved by the country's railroads in 1925*. Econ. World, Feb. 13, 1926. Pp. 2.

PAYNE, J. L. *What public ownership costs Canada*. Nation's Bus., Feb., 1926. Pp. 3. The Canadian National Railway and its finances, with map.

PLATT, R. R. *Railroad progress in Colombia*. Geog. Rev., Jan., 1926. Pp. 16. With railway map.

RICHARDSON, G. A. *A century of car manufacturing progress*. Proc. St. Louis Ry. Club, Feb. 12, 1926. Pp. 11.

ROBERTSON, D. B. *Legislation based on collective bargaining*. Am. Fed., Mar., 1926. Pp. 7. The Watson-Parker railway labor bill analyzed by a railway labor brotherhood leader.

SHERRINGTON, C. E. R. *Rail transport systems of the United States*. Jour. Inst. of Transport, Mar., 1926. Pp. 13.

SILLCOX, L. K. *Ultimate economies—transportation service*. Proc. N. E. R. R. Club, Dec. 8, 1925. Pp. 36. Component parts of the problem of railway efficiency: personnel, maintenance and materials, motive power and cars, fuel conservation.

SIMÓN, R. *The Chilean state railways*. Chile, Feb., 1926. Pp. 8.

SMITH, N. W. *Our Alaska railroad*. Sci. Am., Mar., 1926. Pp. 3.

SOULE, G. *Railroad consolidation*. New Repub., Mar. 31, 1926. Pp. 4. Results of I. C. C. decision on Nickel Plate merger.

SPRAGUE, J. R. *Getting business for the railroad*. Sat. Eve. Post, Mar. 20, 1926. Pp. 3. The "why" of the railroad off-line agency.

STEINWAND, A. M. *Der Staatsbahngedanke in der russischen Eisenbahnpolitik*. Archiv f. Eisenbahnw. Sept.-Oct., Nov.-Dec., 1925, Mar.-Apr., 1926. Pp. 55, 40, 51.

TRUMBOWER, H. R. *Railroad abandonments and additions*. Jour. Pol. Econ., Feb., 1926. Pp. 24. Great bulk of abandonments due to other courses than highway competition.

WATERMAN, R. *Railroad growth in 25 years*. Nation's Bus., Feb., 1926. Pp. 1. Chart showing growth in American railway facilities, equipment, traffic, employees and wages, revenues and expenses during the quarter century from 1900 to 1925.

WEALE, P. *The Chinese railway system as an instrument of disruption*. Am. Rev. Rev., Mar., 1926. Pp. 8. Politico-economic and military aspects.

WILLIAMS, J. C. *What forestry means to the railways*. Ry. Rev., Jan. 30, 1926. Pp. 3.

WILMER, S. C. *Railroad expansion in the South*. Am. Rev. Rev., April, 1926. Pp. 5.

Die deutsche Reichsbahn nach dem Geschäftsbericht für 1923-24 Archiv f. Eisenbahnw., Jan.-Feb., Mar.-Apr., 1926. Pp. 45, 52.

Economic factors in the railway situation. Ry. Rev., April 10, 1926. Pp. 3. Largely a reprint of bulletin of Bureau of Railway Economics, showing railway capital expenditures, condition of equipment, and other factors of operating efficiency. Also in *Railway Age* for April 10, 1926.

Die Eisenbahnen in Dänemark im Betriebsjahr 1923-24. Archiv f. Eisenbahnw., Jan.-Feb., 1926. Pp. 20.

Die Eisenbahnen in Portugal in den Jahren 1914-1919. Archiv f. Eisenbahnw., Mar.-Apr., 1926. Pp. 15.

Die Eisenbahnen in der tschechoslowakischen Republik. Archiv f. Eisenbahnw., Jan.-Feb., 1926. Pp. 10.

Die japanischen Eisenbahnen in den Rechnungsjahren 1921-22 und 1922-23. Archiv f. Eisenbahnw., Mar.-Apr., 1926. Pp. 10.

Report on the German railways, 1924-25. Ry. Gaz. (London), April 2, 1926. Pp. 4. Summary of first annual report of the commissioners for the German railways to the Reparation Commission.

Résultats d'exploitation des chemins de fer d'Alsace et de Lorraine en 1924. Rev. Gen. des Chemins de Fer, Jan., 1926. Pp. 5.

Résultats de l'exploitation des chemins de fer de l'Etat Polonais. Rev. Gen. des Chemins de Fer, Mar., 1926. Pp. 2. Statistics of Polish state railway system.

Les résultats d'exploitation du réseau des chemins de fer de l'Etat en 1924. Rev. Gen. des Chemins de Fer, Jan., 1926. Pp. 5.

Die Schweizerischen Bundesbahnen im Jahr 1923. Archiv f. Eisenbahnw., Jan.-Feb., 1926. Pp. 6.

The Victorian government railways. Ry. Gaz. (London), Jan. 8, 1926. Pp. 28. With map, statistical tables, and illustrations.

Public Utilities

(Abstracts by Charles S. Morgan)

BICKLEY, J. H. *Public utility valuation for rate purposes*. Am. Econ. Rev., March, 1926. Pp. 19. Objections to prudent investment answered; suggestions for accomplishing the transition to this basis; means of improving present valuation practices.

BONBRIGHT, J. C. *Progress and poverty in current literature on valuation*. Quart. Jour. Econ., Feb., 1926. Pp. 34. "It would seem that the subject of valuation has come into a stage of stagnation." To "break the spell," we must recognize the divergent purposes which valuation has to serve and perhaps abandon altogether our search for a single rate base.

BREUER, W. *Trend of construction costs of certain public utilities*. Proc. Am. Soc. Civil Engrs., March, 1926. Pp. 5. Individual and composite trends, 1914-1925.

BROWN, H. G. *Railroad valuation and rate regulation*. Jour. Pol. Econ., Oct., 1925. Pp. 26. An attempt to support the thesis, stated to be applicable to all public utilities, that "economic waste and loss would be likely to be produced by emphasis on original cost rather than cost of duplication."

CARNEY, B. R. *How shall we determine our industrial rates.* Gas Age-Record, March 6, 1926. Pp. 2. A study in gas rates, suggesting the need for liberal rate schedules to extend the uses of gas.

DENMAN, B. J. *Proper attitude of the parent company toward subsidiaries.* Elec. World, March 13, 1926. Pp. 2. Interesting comments on relations of public utility holding company to its subsidiaries. Local companies should be "autonomous so far as possible."

DEWHURST, J. A. *8-cent fare granted to P. R. T. by Pennsylvania Commission.* Elec. Ry. Jour., Jan. 23, 1926. Pp. 3. This account of the long drawn-out Philadelphia controversy illustrates the stormier side of regulation.

DISSTON, W. D. *Giant power facts and fancies.* Nation's Bus., Feb., 1926. Pp. 2. Financial, commercial and engineering obstacles with which Governor Pinchot's giant power program must reckon.

GARY, T. *The independents—their part in developing the telephone in the United States.* Sat. Eve. Post, March 6, 1926, Telephony, March 13, 1926. Pp. 4, 8. An interesting first-hand account of the early struggles and present relationships of Bell and independents.

GRAY, J. H. *Giant power.* Nat. Munic. Rev., March, 1926. Pp. 7. A sympathetic appraisal of the Giant Power report of Pennsylvania.

KNIGHT, A. S. *Peak responsibility as a basis for allocating fixed costs.* Elec. World, March 6, 1926. Pp. 2. Some criticisms of current cost analyses used in the determination of electric rates.

LATIMER, M. W. *The motor bus situation in 1925.* Harvard Bus. Rev., Jan., 1926. Pp. 17. A valuable summary of the problems which the rapidly increasing use of the bus is bringing about.

L. Y. *Policy as to competition between utilities.* Mich. Law Rev., Feb., 1926. Pp. 4. Condensed statement of recent cases adjudicating the right of utilities to protection from the competition of newcomers.

MACKALL, M. R. *The California Railroad Commission and the water works man.* Jour. Am. Water Works Assoc., Jan., 1926. Pp. 16. An excellent account of the work of one of our best commissions.

MALTBIE, W. H. *Depreciation as an operating expense.* Elec. Ry. Jour., Feb. 27, March 6, 27, 1926. Pp. 3, 3, 3. Problems in the treatment of depreciation—kinds of depreciation; size of reserve and methods of accumulation; relation to present value, etc.

—. *Valuation principles in Baltimore case.* Elec. Ry. Jour., Jan. 9, 1926. Pp. 6. A concrete example of how company valuations are made.

MCKEE, K. L. *Grants for bus operation.* Aera, Jan., 1926. Pp. 11. A valuable summary of provisions of 32 franchises granted to electric railways and independents for bus operation.

METCALF, L. *Effect of water rates and growth in population upon per capita consumption.* Jour. Am. Water Works Assoc., Jan., 1926. Pp. 20. An important statistical study of the "law of demand" for water service.

MILLON, J. A. *Ten-cent cash fare in 83 cities.* Aera, Dec., 1925. Pp. 30. Present fare and brief history of fares in each city of over 25,000 population; also summaries of fare changes, 1917-1925.

NASH, L. R. *Economic aspects of superpower.* Stone & Webster Jour., Jan., 1926. Pp. 8. A balancing of advantages and disadvantages.

PARDEE, J. H. *The holding company in public utilities: its advantages and dangers.* Proc. Acad. Pol. Sci., Jan., 1926. Pp. 9. The holding company's functions and accomplishments in financing and managing utility properties justify the continuation of its present freedom from direct regulation.

PARKER, F. *Cost of money as an element in the valuation of public utilities.* Penn. Law Rev., March, 1926. Pp. 21. Justification of this item; respective advantages of amortizing and capitalizing it.

———. *Cost of money to public utilities, 1914-1922.* Jour. Land and Public Utility Econ., Jan., 1926. Pp. 20. Extensive analysis of the cost of placing different types of securities in the investor's hands.

PATTON, A. E. and GRESSENS, O. *Influence of business cycles on utility operations.* Jour. Land and Public Utility Econ., Jan., 1926. Pp. 8. A statistical study, leading to the conclusion that electric utilities, owing particularly to the recent development of industrial load, "are becoming increasingly more subject to the influence of cyclical variations in general business conditions."

POTTER, W. W. *Going value.* Mich. Law Rev., Jan., 1926. Pp. 6. An explanation of going value which seems to run largely in terms of earning power.

P. W. A. *The nature and status of the Pennsylvania Public Service Commission.* Penn. Law Rev., Jan., 1926. Pp. 9. The legal position of public service commissions, with particular reference to the Pennsylvania situation and to the power of appointment and dismissal.

RANSOM, W. L. *Some aspects of the valuation of private property for public uses.* Jour. Land and Public Utility Econ., Jan., 1926. Pp. 16. A question-raising article, squarely facing the tide of expert economic opinion and some public utility opinion running in favor of the investment rather than the "present value" basis of valuation. Argument is from legal premises and runs largely in terms of recent rent litigation and principles of condemnation proceedings; it also does not consider whether there are constructive means of overcoming any undesirable features of the investment theory.

READY, L. S. *Constructive co-operation.* Jour. Elec., Feb. 15, 1926. Pp. 2. Chief engineer of California commission urges companies to coöperate in research on their common problems.

RICHIEY, A. S. *Ten-year statistics show gain in electric railway conditions.* Elec. Ry. Jour., Feb. 13, 1926. Pp. 2. Comparison, 1914 and 1924, of revenues and service rendered in large and small cities. A better showing is now being made in the larger cities.

RICHIE, J. A. *Coöordination of rail and automobile transportation.* Aera, March, 1926. Pp. 8. A forceful statement of the need for coöordination and of the form it should take.

ROTTSCHAFFER, H. *The field of governmental price control.* Yale Law Jour., Feb., 1926. Pp. 24. Problems on the borderline.

SNOW, H. A. *Sharing benefits of diversity in loads.* Elec. World, Feb. 20, 1926. Pp. 2. A study in electric rates.

WELLS, P. P. *Public regulation of the holding company in public utilities.* Proc. Acad. Pol. Sci., Jan., 1926. Pp. 5. Possibilities of abuse require direct regulation, including regulation of interstate power business by compact between the states.

WILCOX, D. F. *The terminable permit and what it would mean to the cities of Illinois.* Public Ownership, Jan., 1926, Am. City, Jan., 1926. Pp. 9, 5. Unless "properly devised," an indeterminate permit "establishes an impossible scheme of

regulation....and makes difficult and well nigh impossible the change from private ownership to public ownership."

WOODWORTH, A. V. *Some street railway reorganizations*. Harvard Bus. Rev., Jan., 1926. Pp. 9. The financial difficulties of street railways, with special reference to effects of reorganizations.

Does regulation regulate? New Rep., Feb. 24, 1926. P. 1. Spectacular rises in market quotations of certain electric utility stocks held to show that "something fundamental is the matter with regulation."

Interconnection saves South. Elec. World, Jan. 9, 1926. Pp. 4. Concrete illustration of workings of an interconnected system in emergency conditions.

Record trend to centralized management. Elec. World, Jan. 2, 1926. Pp. 4. Extensive tabulation of mergers of electric systems during 1925.

Samuel Insull on utility management. Elec. World, Feb. 13, 1926. Pp. 2. A spirited reply to Professor Ripley's criticisms of public utility management.

Tentative rural service policies. Elec. World, Feb. 6, 1926. Pp. 2. Rate practices of various companies in developing rural electrical service.

The Washington traffic survey. Aera, Dec., 1925. Pp. 26. An interesting example of how a community's transportation problems are studied.

Accounting

(Abstracts by Arthur W. Hanson)

ANDERSEN, A. *The accountant's function as business advisor*. Jour. Accountancy, Jan., 1926. Pp. 5. The thoroughly trained accountant of the future must have a sound understanding of the principles of economics, of finance and of organization, which are the three fundamental factors underlying any successful business.

BICKLEY, J. H. *Interest during construction in public utility accounting*. Jour. Land and Public Utility Econ., Oct., 1925.

CARSON, A. J. *Silver exchange accounting in oriental trade*. Jour. Accountancy, Feb., 1926. Pp. 16. Purpose is to present in the simplest manner the accounting procedure in relation to imports, which is one phase of accounting in a country on a silver standard.

COUCHMAN, C. B. *Passing examinations*. Jour. Accountancy, March, 1926. Pp. 6.

DALSTON, M. *Accounting for a concern that manufactures, rents and sells clocks*. Pace Student, Nov., 1925. Pp. 4.

DOHR, J. L. *Valuation of intangible property before board of tax appeals*. Jour. Accountancy, Feb., 1926. Pp. 8. Goodwill and patents.

FINNEY, H. A. *Solutions to American Institute examination in accounting theory and practice*. Part 1. Jour. Accountancy, Jan., Feb., 1926. Pp. 16, 13.

—. *Solutions to American Institute examination in accounting theory and practice*. Part 2. Jour. Accountancy, March, 1926. Pp. 15. Exposition of the theory of the statement of application of funds and the working papers which may be employed to assemble the figures for its preparation.

FRANKE, W. B. *Lack of uniformity in college and university accounting*. Jour. Accountancy, Jan., 1926. Pp. 10. It is clear that there is great need for the adoption of certain uniform principles.

FRAZER, G. E. *Valuation for tax purposes*. Jour. Accountancy, March, 1926. Pp. 8. The accountant is the proper appraiser of all assets and liabilities whose appraisal must be determined from the inspection of records of accounts.

GOODWIN, J. P. *The constructive viewpoint of the accounting profession.* Pace Student, Nov., 1925. Pp. 6.

GORDON, S. *Solutions to American Institute examination in commercial law, Nov. 13, 1925.* Jour. Accountancy, March, 1926. Pp. 4.

GROSSMAN, A. M. *A discussion of dividends with particular reference to stock dividends.* Pace Student, Jan., 1926. Pp. 6.

HERBERT, F. W. *The accounts of public utilities.* Pace Student, Feb., 1926. Pp. 3. Uniform classifications outlined.

POWELL, L. M. *Typothetae experiments with price maintenance and cost work.* Jour. Pol. Econ., Feb., 1926. Pp. 23. Historical sketch.

RANSOM, W. L. *Some aspects of the valuation of private property for public uses.* Jour. Land and Public Utility Econ., Jan., 1926. Pp. 16. "In the present article the editors of the Journal have asked me to review some of the practical considerations which have led to the establishment of the 'present value' concept in determining the sums on which a return may be earned, by the owners of private property devoted to the furnishing of essential public services."

RECKITT, E. *Trend of modern accountancy.* Jour. Accountancy, Jan., 1926. Pp. 8. "I have attempted to demonstrate that even under special and ideal conditions there is much to be said against the practice of public accountants holding themselves out as competent to take inventories and to certify to the accuracy of the quantities."

SEEFURTH, N. *Valuation of securities for inheritance-tax purposes.* Jour. Accountancy, Jan., 1926. Pp. 8. About goodwill—its nature, importance and valuation.

THORP, C. E. *Budgeting the textile industry.* Man. and Admin. in Manuf. Industries, Jan., 1926. Pp. 6. How to establish a budget.

WHITWORTH, C. R. *Audit of an automobile manufacturing company.* Jour. Accountancy, March, 1926. Pp. 10. Some of the special features of the audit which are in a measure extraordinary.

WILDE, G. W. *Computation of earned discounts.* Jour. Accountancy, Feb., 1926. Pp. 14. Concerned with organizations established for the common purpose of financing transactions involving the purchase and sale of real or personal property on the instalment plan, and particularly with the manner in which their income is earned.

WILDMAN, J. R. *Interpretation of financial statements.* Jour. Accountancy, March, 1926. Pp. 10.

Business Management

COGSWELL, G. R. *Radio development, and consumer buying and patronage motives.* Harvard Bus. Rev., Jan., 1926. Pp. 9.

FREYD, M. *The experimental evaluation of a merchandising unit.* Harvard Bus. Rev., Jan., 1926. Pp. 8.

MAZUR, P. M. *Is the cost of distribution too high?* Harvard Bus. Rev., Oct., 1926. Pp. 11.

NICHOLS, J. C. *The planning and control of outlying shopping centers.* Jour. Land and Public Utility Econ., Jan., 1926.

SMITH, E. R. and SMITH, P. W. *Determining a sales quota basis.* Harvard Bus. Rev., Oct., 1925. Pp. 9.

TEAD, O. *Purpose as a psychological factor in management.* Bull. Taylor Soc., Dec., 1925. Pp. 15.

Labor and Labor Organizations

(Abstracts by Selig Perlman)

BARNETT, G. E. *Chapters on machinery and labor.* III. *The displacement of skill.* IV. *Trade-union policy.* Quart. Jour. Econ., Nov., 1925, Feb., 1926. Pp. 22, 20. From the foregoing, two general conclusions may be drawn: (1) The unions have been far more successful in preventing reductions in the wages of the handworkers left in employment by the machine than in lessening displacement from the trade. This is partly due to the fact that maintenance of working conditions has been the primary aim of the unions, but it is chiefly due to the fact that the amount of displacement from the trade is determined by factors almost entirely beyond the reach of union policy. (2) The policies to be followed by a union during a period of introduction of machinery cannot be stated dogmatically. There are no policies of universal validity. In any particular case of the introduction of machinery, sound policy must be derived from a knowledge of the mechanical and economic factors involved, together with some estimate as to the effect of the surplus occasioned in the trade by the introduction of machinery on the conditions of employment.

CHAMBERLAIN, J. P. *The legislature and labor injunctions.* Am. Bar Assoc. Jour., Dec., 1925. Pp. 3. A plea for better bill drafting to avoid misconstruction by courts.

CHEN, T. *Labor conditions in Japan.* Mo. Lab. Rev., Nov., 1925. Pp. 12.

DAVIS, J. J. *The bituminous-coal situation.* Mo. Lab. Rev., Jan., 1926. Pp. 8.

—. *Conditions in the glass manufacturing industry.* Mo. Lab. Rev., Jan., 1926. Pp. 8. Discusses the solution by that industry of the overdevelopment program.

FEIS, H. *Recent development in industrial relations in the United States.* Intern. Lab. Rev., Dec., 1925. Pp. 24. Stresses the new industrial situation created by the newer developments in the policies of American employers.

FURTWÄNGLER, F. T. *Formation and development of German trade unions.* Am. Fed., Dec., 1925. Pp. 6.

GREEN, W. *Labor's ideals concerning management.* Bull. Taylor Soc., Dec., 1925. Pp. 4. An excellent and authoritative representation of the union management co-operation program.

HEWES, A. *The task of the English Coal Commission.* Jour. Pol. Econ., Feb., 1926. Pp. 12. A good summary.

HOFFMAN, F. L. *Accident hazards in the mining industry in the United States.* Econ. World (reprinted from The Spectator, Dec. 3, 1925), Jan. 2, 1926. Pp. 3.

LEWIS, J. L. *Anthracite coal facts.* Am. Fed., Nov., 1925. Pp. 9.

LOKANATHAM, P. S. *Principles of labour legislation in India.* Indian Jour. Econ., July, 1925. Pp. 7.

McPHERSON, J. B. *Labor restriction on introduction of machinery in making clothing.* Bull. Nat. Assoc. Wool Manuf., Jan., 1926. Pp. 8. Largely a reprint of an article by William Hober in the *Journal of Political Economy*.

MERRITT, W. G. *The Danbury hatters' case—summation for the plaintiffs.* Am. Law School Rev., Dec., 1925. Pp. 18. A reprint of a famous address made in 1910.

MILHAUD, E. *Eight-hour day and technical progress*. Intern. Lab. Rev., Dec., 1925. Pp. 33. Broadly speaking, the post-war reduction in the working day has been a factor in technical progress, from the point of view both of improvements in equipment and of organization.

MYERS, C. S. *Hindrances to output*. *Economica*, Nov., 1925. Pp. 70. Relates the experiences of the investigating staff of the (British) National Institute for Industrial Psychology.

POWELL, L. M. *Typothetae and the eight-hour day*. *Jour. Pol. Econ.*, Dec., 1925. Pp. 20.

RIEGEL, J. W. *Structural features of shop-committee plans*. *Harvard Bus. Rev.*, Oct., 1925. Pp. 16. An exhaustive survey of the political science of company unionism.

RIGG, S. F. *The Chicago teamsters' union*. *Jour. Pol. Econ.*, Feb., 1926. Pp. 14. These unions are not trade unions in the strict sense of this term. They are a heterogeneous crowd of drivers and helpers grouped into local unions according to the character of their work, and operating according to trade union methods. The group as a whole includes the wage-earner, the salesman working on a commission basis and the employer who owns the vehicle that he drives.

RILEY, J. A. *Our wage payment recognizes cost of living, length of service, efficiency*. *Factory*, Dec., 1925. Pp. 3.

SCHICKTER, S. H. *The worker in modern economic society*. *Jour. Pol. Econ.*, Feb., 1926. Pp. 26. An excellent presentation of the author's interpretation of the problems of labor apropos of a review of the work by Professor Douglas.

STEWART, E. *Are average wage rates keeping pace with the increased cost of living?* *Mo. Lab. Rev.*, Jan., 1926. Pp. 4.

SUTCLIFFE, J. T. *Wages and production*. *Econ. Record*, Nov., 1925. Pp. 8. The situation in Australia with reference to finding a suitable basis for legal wage determination.

TEAD, O. *The rise of employee stock-ownership*. *Indus. Manag.*, March, 1926. Pp. 4. Many companies will continue to be insincere and to exploit their employees with this procedure. But enough significant experiments will remain to show whether or not the corporate form can be adapted to continued rise in certain industries as an instrument of socialized social activities.

THOMPSON, L. A. *Children in street trades in the United States*. *Mo. Lab. Rev.*, Dec., 1925. Pp. 10. A list of references.

VOSS, F. *Minimum wage legislation in Norway*. *Intern. Lab. Rev.*, Dec., 1925. Pp. 21.

Analysis of accident causes: a scientific method based on the actual causes of accidents regardless of the medium through which they occur. *Safety Engineering*, Sept., 1925. Pp. 6.

Arbetskraftens rörlighet på den svenska arbetsmarknaden. *Soc. Med.*, Feb., 1926. Pp. 16. A statistical account of the mobility of labor as reflected in the Swedish labor market.

Kvinnliga arbetares löneinkomster inom olika industrigrenar och ortsggrupper år 1924. *Soc. Med.*, Feb., 1926. Pp. 7. An analysis of women's wages in different Swedish industries during the year 1924.

Railroad peace with justice. *New Repub.*, Jan. 20, 1926. Pp. 2.

Money, Prices, Credit, and Banking

(Abstracts by William O. Weyforth)

APTALION, A. *Les expériences monétaires récentes et la théorie psychologique de la monnaie*. Rev. d'Econ. Pol., Sept.-Oct., 1925. Pp. 22. The experiences of Germany show us that under the influence of purely psychological factors, prices can vary not only in accordance with changes in the circulation of money but directly in accordance with movements in the exchanges.

_____. *Prix, circulation et change en France de 1920 à 1924*. Rev. d'Econ. Pol., Nov.-Dec., 1925. Pp. 32. A statistical study of prices, circulation and exchange in France from 1920 to 1924. The movements of exchange or of foreign gold prices have affected the prices of imported goods and to a less degree the prices of other goods and then with a diminished intensity the monetary circulation, which had to adjust itself to the level of prices.

AGGER, E. E. *The field for bankers' acceptances in domestic trade*. Am. Bankers Assoc. Jour., March, 1926. Pp. 3. The banker's acceptance rather than the trade acceptance is best adapted to business needs in the United States. The trade acceptance does not overcome the fundamental defects of the open account system.

BAKER, G. W. *Street loans and the New York money market*. Annalist, Feb. 12, 1926. Pp. 2. Explains significance of street loans as recently reported by the Federal Reserve Bank.

BECKHART, B. H. *British influence on reserve bank credit policies*. Annalist, Nov. 6, 1925. Pp. 3. The credit policies of reserve banks for a year have been formulated, at least in part, to assist return to gold in Europe. Bank rate has been kept low to prevent withdrawal of funds from London even at expense of domestic inflation.

BENTE, H. *Die deutsche Währungspolitik von 1914 bis 1924*. Weltwirtsch. Archiv, Jan., 1926. Pp. 75. Reviews the currency policy in Germany from 1914 till 1924 based on official reports. It mentions briefly the more important historical facts in the history of the German mark. Critical and other unofficial literature is not considered. As an appendix there is a useful chronology of the legislation affecting German currency policy.

BURGESS, W. R. *An analysis of New York money market changes*. Annalist, Feb. 19, 1926. Describes plan of Federal Reserve Bank of New York to maintain an hourly balance sheet of reserves and reserve requirements of 23 New York banks which may serve as an index of money market conditions.

_____. *The bankers' bill and the federal reserve system*. Am. Bankers Assoc. Jour., Nov., 1925. Pp. 4. Explains the advantages of the banker's acceptance and shows the growth in its use since the Federal Reserve act.

_____. *Mechanism of reserve policy*. Am. Bankers Assoc. Jour., Feb., 1926. Pp. 4. Explains who decides federal reserve policy and describes certain mechanical aids in determining policy.

_____. *The reserve banks as bankers for the government*. Am. Bankers Assoc. Jour., Dec., 1925. Pp. 5. Describes the services performed by the federal reserve banks in handling the funds of the government.

CAUBOUE, P. *De l'évolution des sources de bénéfice des banques*. Jour. des Econ., Nov. 15, 1925. Pp. 10. Shows development of the types of business of French banks especially the growth of overdrafts.

CHANDLER, H. A. E. *Power of the reserve banks to control credit*. Commerce Mo., Feb., 1926. Pp. 9. The sources of the power of the federal reserve banks over

credit are explained. Writer sets forth the various possible credit policies that might have been pursued by the federal reserve system in view of the abnormal gold situation in this country.

CHAPMAN, J. M. *Financing the marketing of wheat*. Harvard Bus. Rev., Oct., 1925. Pp. 14. Describes the activities of the War Finance Corporation, the Federal Intermediate Credit banks, and the influence of the federal reserve system, together with the financing of the co-operative marketing of wheat.

COPLAND, D. B. *Australian banking and exchange*. Econ. Record, Nov., 1925. Pp. 12. Explains the requirements of a gold-exchange standard and the steps which have been taken by the Commonwealth Bank of Australia toward putting that country on a sterling-exchange standard.

_____. *Notes on Australian exchange*. Econ. Jour., Dec., 1925. Pp. 5. During the period 1914-1924, despite fluctuations in the balance of international payments and variations in the English and Australian price levels, there was remarkable stability in Australian exchange. Explanations are offered.

DAVIDSON, D. *Varuvärde och penningräde*. Ek Tids., Jan., 1926. Pp. 18. A criticism of the discussion carried on recently between Professors Heckscher and Brismann on value and price.

DIVISLA, F. *L'indice monétaire et la théorie de la monnaie*. Rev. d'Econ. Pol. Nov.-Dec., 1925. Pp. 31. Continues the study of the method of calculating the value of money begun in the previous issue. (To be continued.)

ELLIOTT, D. C. *What about branch banking?* Bankers Mag., Jan., 1926. Pp. 8. Favors amendment of the National Bank act so as to permit state-wide branches for national banks in states which authorize such branches for state banks.

GARLOCK, F. L. *Bank failures in Iowa*. Jour. Land and Public Utility Econ., Jan., 1926. Pp. 19. In the years 1921-1925 about one-tenth of the state and savings banks in Iowa failed. Article describes banking experiences in Iowa immediately preceding and during the failure era, analyzes the causes of failures and suggests reforms.

GOURLICH, P. *Analysis of the banking economy of New York City*. Annalist, Dec. 25, 1925. Pp. 3. Analyzes factors affecting prices of New York bank stocks. Market prices of stock are far in excess of book values; and certain individual bank stocks are selling at unwarranted prices.

HAYEK, F. A. *Die Währungspolitik der Vereinigten Staaten seit der Überwindung der Krise von 1920*. Zeitschr. f. Volkswirtsch. u. Sozialpolitik, Band V, Heft 1-3, Heft 4-6. Pp. 38, 61. The article deals with the currency and credit policy of the United States. The fluctuations in the value of gold and its importance at present and in the future are considered. The means of credit control by the federal reserve system are explained.

JACOBSON, M. L. *The growth of the state bank of Soviet Russia*. Econ. World (reprinted from Jour. Commerce and Commercial Bull., Jan. 8, 1926), Jan. 16, 1926. Pp. 2. Shows growth of Russian State Bank, especially during 1925.

KEMMERER, E. W. *Chile reorganizes her banking system*. Annalist, Jan. 1, 1926. Pp. 2. Describes the organization of the new Central Bank of Chile in accordance with the recommendations of the American Financial Commission, of which Professor Kemmerer was chairman.

KILBORNE, R. D. *The labour bank movement in the United States*. Economica, Nov., 1925. Pp. 14. Describes the beginnings of the movement, its growth, the organization and operation of labor banks, and the attitude of capital toward them. Writer does not expect movement to revolutionize our economic system,

although the banks have rendered important services to members of unions and wage-earners.

—. *A review of the operations of the federal loan system.* Bankers Mag., Nov., 1925. Pp. 4. The system has reduced interest rates but has failed to develop the coöperative movement and to check farm tenancy. The joint stock land banks have come to be of great importance because they are privately owned and managed corporations.

KNAPPEN, T. M. *Will branch banks eclipse federal reserve?* Mag. of Wall St., Nov. 7, 1925. Pp. 2. The lure of branch banking has led many national banks to take out state charters. The federal reserve system is thereby threatened.

LAGERQUIST, W. E. *The joint stock bank—a new investment opportunity.* System, Dec., 1925. Pp. 4. Points out the desirability of bonds and stocks of joint land banks as investments.

LEVY, G. *Les banques coöperatives américaines.* Rev. des Etudes Coöp., July-Sept., 1925. Pp. 20. Describes the operations and accomplishments of the Locomotive Engineers Coöperative National Bank of Cleveland and the growth and activities of credit unions.

LUKAS, E. *Wirtschaftspolitik und natürliche Relation zwischen Innen- und Aussenwert des Geldes.* Zeitschr. f. Volkswirtsch. und Sozialpolitik, Band V, Heft 4-6. Pp. 34. Considers the important factors involved in the relations between the internal and external values of a currency.

MACARTHUR, D. G. *The nationalization of banking.* Bankers' Mag. (London), March, 1926. Pp. 5. Presents arguments against proposals for nationalization in England.

McFADDEN, L. T. *The national bank bill.* Bankers Mag., Dec., 1925. Pp. 11. Outlines the main provisions of the bill just introduced into Congress. The bill provides for indeterminate charters for national banks, allows them to make real estate mortgage loans for periods of five years, and undertakes to express a national policy on branch banking. The text of the bill follows the article.

NOLAN, D. P. *A fourteenth century treatise on money.* Econ. Jour. (Supp. Econ. Hist. no. 1), Jan., 1926. Pp. 8. A summary of the treatise of Nicholas Oresme, Count Bishop of Lisieux, in which modern theories of money are anticipated.

OUALID, W. *La Banque de Java. Son organisation et sa politique monétaire.* Rev. d'Econ. Pol., Sept.-Oct., 1925. Pp. 19. Describes the monetary system of the Dutch Indies, the history of the Bank of Java and the statutes governing the bank.

—. *La Banque de Java. Son organisation et sa politique monétaire.* Rev. d'Econ. Pol., Nov.-Dec., 1925. Pp. 38. Conclusion of the article. Contains a study of the functions and operations of the bank, its monetary policy and its exchange policy.

PUTNAM, G. E. *Are we going to have inflation?* Am. Bankers Assoc. Jour., Nov. 1925. Pp. 3. Writer believes that it is difficult to escape the conclusion that we are destined to have inflation in some form or other.

RAPHAEL, G. *Les étapes de l'inflation et du relèvement financier en Allemagne.* Rev. des Etudes Coöp., July-Sept., 1925. Pp. 16. Describes the monetary experiences of Germany from the outbreak of the war to the reorganization of the Reichsbank under the Dawes plan.

REIS, J. G. *Building and loan associations.* Jour. Accountancy, Dec., 1925. Pp. 20. Describes the organization, management, operations and accounts of building and loan associations.

RICHARDS, C. S. *The reserve bank of the union of South Africa*. Econ. Jour., Dec., 1925. Pp. 10. Summarizes the findings of the Kemnerer-Vissering Commission concerning the return to the gold standard in South Africa and the functioning of the reserve bank.

RIPLEY, W. Z. *More power to the bankers*. Nation, Dec. 2, 1925. Pp. 2. Two recent developments in the conduct of corporations are of grave public import. These are: first, the divorce of management from ownership, resulting from increase in non-voting shares; and second, the greater diffusion in the ownership of shares represented by holdings of employees and consumers.

RIST, C. *Chronique de la stabilisation monétaire*. Rev. d'Econ. Pol., Nov.-Dec., 1925. Records the progress of stabilization and monetary reform in France, Czechoslovakia, Finland and Belgium.

STEELE, F. E. *Practice and theory in banking*. Bankers' Mag. (London), Jan., 1926. Stresses the importance of theory to the practical banker.

SYKES, J. *The effect of bank amalgamations on expenses and profits*. Econ. Jour., Dec., 1925. Pp. 7. Reaches the conclusion that bank amalgamations in England have increased expenses and reduced profits.

TAYLOR-SMITH, H. E. *Currency v. sterling loans*. Finan. Rev. Rev., Jan.-Mar., 1926. Points out the risks run by British investors in the internal loans of foreign countries as a result of the decline in the value of the currencies of those countries.

YVES-GUYOT. *Aperçus historiques sur les rapports de la Banque de France et de l'Etat*. Jour. des Econ., Nov. 15, 1925. Pp. 13. Summarizes briefly the history of the relations of the Bank of France with the state, and criticizes the theory of M. Caillaux concerning inflation.

—. *A propos du rapport de la Banque de France*. Jour. des Econ., Feb. 15, 1926. Pp. 13. The French government through its policy of borrowing from the Bank of France leading to increased note issues has divested the bank of responsibility for its actions.

Les opérations de la banque de France pendant l'année 1925. L'Econ. Franç., Feb. 13, 1926. Pp. 3. Continues statistics for the Bank of France begun in the issue of February 6.

The progress of banking in Great Britain and Ireland during 1924. Bankers' Mag. (London), Nov., 1925. Pp. 15. Shows ratio of capital and reserves in British banks to deposits. While ratio has increased since 1918, it is still less than before the war.

Public Finance

(Abstracts by Charles P. Huse)

ALOUD, A. *Les finances des principaux états depuis la guerre*. VIII. *Japon*. Rev. des Sci. Pol., Oct.-Dec., 1925. Pp. 13. In spite of the reaction in 1920 and the great earthquake of 1923, Japan's finances remain sound because of her modern industrial organization and the thrift of her people.

BOISANGER, Y. DE. *Les finances des principaux états depuis la guerre*. VII. *Bulgarie*. Rev. des Sci. Pol., Oct.-Dec., 1925. Pp. 11. While Bulgaria has been left with heavy burdens by the war and still has many grave problems ahead of her, exchange has been stabilized, exports have increased, and her general condition has improved.

BRIDGEN, J. B. *The Australian tariff and the standard of living*. Econ. Record, Nov., 1925. Pp. 18. Believes the tariff has maintained wages by placing the burden from protection on the landowner rather than on the laborer.

BROCK, F. H. *Har vårt gällande tullsystem verkat höjande på jordvärdena?* Ek. Tids., Jan., 1926. Pp. 9. The tariff committee of 1924 (Sweden) in a recent report concludes that the existing tariff rates operate to increase land values. The writer of this article tries to show that the farmer is not so fortunate.

DARLING, W. L. *State taxation of foreign corporations*. Bull. Nat. Tax Assoc., Jan., 1926. Pp. 10. Reviews cases and lays down certain principles.

HARDY, C. O. *Those vanished fortunes*. New Repub., Jan. 27, 1926. Pp. 3. Holds economic conditions, and not high surtaxes, responsible.

HARISTOV, J. *La perception de l'impôt sur le revenu "à la source" en Angleterre et dans les Etats-Unis de l'Amérique du Nord*. Rev. de Sci. et de Légis. Finan., Oct.-Dec., 1925. Pp. 33. Considers the merits and defects of the method of stoppage at source, quoting the opinions of Professors Bullock, Seligman and other writers.

HARVEY, E. M. *Vermont's intangibles tax law*. Bull. Nat. Tax Assoc., Jan., 1926. Pp. 3. The new law, regarded as an experiment, places lower rates on certain kinds of intangibles. Its administration is given to the towns.

JÉZE, G. *Histoire des méthodes suivies par les principaux états touchant la date de remboursement de leur dette publique*. Rev. de Sci. et de Légis. Finan., Oct.-Dec., 1925. Pp. 32. Until a century or two ago, debts were for short terms and were more the obligations of monarchs than of the public. In her policy of rapid amortisation, the United States presents an exception to the long-term and perpetual debts of Europe.

KERSCHAGL, R. *Probleme der deutsch-österreichischen Finanzpolitik*. Schmollers Jahrb., 49 Jahrg., Heft 5, 1925. Pp. 17. The new Austrian state is overburdened with taxes, the per capita figure exceeding that of neighboring states. Greater reliance has been placed since the war on business taxes of various sorts.

LUTZ, H. L. *Tax reform in Chile*. Bull. Nat. Tax Assoc., Feb., 1926. Pp. 11. The writer was a member of the Kemmerer commission, which recommended reforms in money, banking and finance. The tax system relied too much on the export tax on nitrate, was too complicated and discriminated against foreigners.

NOUVOIN, G. DE. *Les monopoles d'état et l'union des intérêts économiques*. Jour. des Econ., Dec. 15, 1925. Pp. 12. Believes the state monopolies should be abolished.

PAYEN, E. *Le problème douanier*. L'Econ. Franç., Dec. 5, 1925. Pp. 2. Expresses the hope that the government will follow liberal principles in negotiating commercial treaties with other countries.

PIERSON, S. *Inheritance tax laws and life insurance*. Econ. World (reprinted from Am. Bar Assoc. Jour., Nov., 1925), Dec. 26, 1925. Pp. 3. While the courts have been practically unanimous in making a distinction between policies payable to the insured's estate and to a designated beneficiary, they differ as to whether the latter should be treated as a gift or as a contractual right.

PLUMMER, W. C. *Principles of taxation in the financing of highways in Pennsylvania*. Bull. Nat. Tax Assoc., Jan., 1926. Pp. 5. In colonial times the roads were repaired by compulsory road service; during the latter part of the eighteenth century, by general taxes; during the nineteenth, largely by turnpike companies; and now, principally by the proceeds of automobile license fees and a tax on gasoline.

POWELL, T. R. *Abolition of the federal inheritance tax*. Bull. Nat. Tax Assoc., Jan., 1926. Pp. 7. Criticizes the arguments advanced by the committee of the American Bankers Association.

RIGHTOR, C. E. *The comparative tax rates for 215 cities, 1925*. Nat. Mun. Rev., Dec., 1925. Pp. 11. Cities in the lower census groups show a higher average burden than those with a population of 100,000 or over.

—. *How Detroit's ten-year financial program was prepared*. Nat. Mun. Rev., Feb., 1926. Pp. 7. Confronted by the demands of a rapidly growing city, the mayor in 1924 appointed a committee of citizens to coöperate with the city government in formulating a ten-year program.

WILLIAMS, P. R. *Pittsburgh's graded tax in full operation*. Nat. Mun. Rev., Dec., 1925. Pp. 7. A member of the board of assessors believes improvements have been encouraged by making the rate on buildings one-half that levied on land.

The control of public expenditure. Round Table, March, 1926. Pp. 20. Believes there is no adequate control over British expenditures today, either in the commons or in the ministry.

The national income and burden of taxation in Germany. Econ. World (reprinted from The Economist, Dec. 26, 1925), Jan. 23, 1926. Pp. 1. Taxation takes 18 per cent of the German national income, contrasted with 21 per cent for England.

The wool duty. Bull. Nat. Assoc. Wool Manuf., Oct., 1925. Pp. 5. Points out need for certain modifications.

Population

(Abstracts by A. B. Wolfe)

CILENTO, R. W. *Health and virility in northern Australia*. United Empire, Nov., 1925. Pp. 7. The conclusion "there is no obstacle to a white working race living, thriving, and multiplying in the Australian tropics" is substantiated by comparative vital statistics.

COLEBATCH, H. P. *Australia and migration*. United Empire, Nov., 1925. Pp. 5. Outlines the arrangement between the British government and certain Australian states as to assisted immigration, and controverts the allegation that Australian selective standards are too high.

DARROW, C. *The Edwardses and the Jukes*. Am. Mercury, Oct., 1925. Pp. 11. The eugenics writers have been biased in their views, and have used egregiously erroneous methods in studying these families.

DARWIN, L. *Family allowances*. Eugenics Rev., Jan., 1925. Pp. 3.

DICKINSON, R. L. *Contraception: a medical review of the situation*. Trans. Amer. Gynecological Soc., Vol. XLIX, 1924. Pp. 23. First report of the Committee on Maternal Health of New York. A survey of specific clinical experience.

DUBLIN, L. I. *The fallacious propaganda for birth control*. Atlantic Mo., Feb., 1926. Pp. 8. Birth control advocates base their convictions on a misunderstanding as to the actual rate of increase in this country. "The State must insist on its [own] perpetuation, and cannot condone or argue its own suicide. We may express our freedom as individuals only within the limitations that the continued existence of the State is assured."

DUBLIN, L. I. and LOTKA, A. J. *On the true rate of natural increase*. Jour. Am. Stat. Assoc., Sept., 1925. Pp. 35. A resourceful statistical method and rigid mathematical analysis lead to the main conclusion, viz.: "In place of the actual rate of natural increase of 10.99 per thousand per annum, the biological constitution

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(age schedule of maternity frequency and mortality) would give us a rate of only 5.47 per thousand as soon as the influence of immigration and decline of birth rate in the past had had time to wear off." The number of children per married female corresponding to the biological constitution of the population of 1920 is 3.06. If one-sixth of all the marriages are without issue, the figure would be 3.67 per fertile married female.

EHRLEX. *Der Einfluss des Geburtenrückgangs auf die Familiengröße in Zürich und Berlin.* Schmollers Jahrb., 49 Jahrgang, Heft 4. P. 9. General decline in the birth rate; marriages, births, and infant mortality in Zürich; declining birth rate and size of families; birth rate by social classes; declining birth rate in Berlin and other German cities.

GONNARD, R. *Considerations sur l'émigration.* Rev. d'Econ. Pol., Sept.-Oct., 1925. Pp. 13. Seeks to define migration, to state the main considerations which determine the economic value of a migration contingent, and to note the relation between migration and colonization. Holds that with the exception of births and deaths there is no other social phenomenon comparable with migration in importance. Neither historians, economists, nor sociologists have begun to give adequate scientific attention to the subject.

HAIG, B. M. *Toward understanding the metropolis.* Quart. Jour. Econ., Feb., 1926. Pp. 30. Speculations regarding the economic basis of urban concentration and an economically efficient "pattern of population." Argues that economic forces will tend to the continued urbanization of the American population.

HAUSER, H. *La portée et les effets de la nouvelle politique américaine d'immigration.* Scientia, March, 1926. Pp. 15. Excellent historical survey of the significant aspects of American attitudes, policies, and legislation, from a detached and unbiased point of view.

HERSKOVITS, M. J. *Variability of family strains in the negro-white population.* Jour. Am. Stat. Assoc., Sept., 1925. Pp. 10. Variability in certain physical characteristics in the pupils of a New York City public school, about 98 per cent of whom had negro blood. The variability of family strains is chiefly useful as an indication of the homogeneity or heterogeneity of a given population. A high degree of homogeneity was found in the population studied, indicating that extensive crossing took place not recently but some generations back.

KNIBBS, G. H. *The world problems of population.* Part 1. *The population capacity of the earth.* Scientia, Oct. 1925. Pp. 6. Summary of estimates of population, areas, production, use of fertilizers, with speculations as to possible changes. Estimates as to the world saturation point vary, according to the assumptions on which they are made, from 2.9 billion to 13.4 billion.

—. *The world problems of population.* Part 2. *The conditions for the maximum possible world's population.* Scientia, Nov., 1925. Pp. 14. Discusses briefly the geographical readjustment of population densities and the international political problems which will result from world population pressure.

LAIDLAW, W. *New York's census of 1925.* Am. Rev. Rev., Oct., 1925. Pp. 8.

MAGNUSSON, L. *Recent tendencies in world migration.* Am. Fed., March, 1926. Pp. 9. Notes the decrease in migration since the world war, the widespread increase in restrictive legislation and the sharper administrative regulation. Touches on the work of the International Labor Office in regard to migration.

MEARS, E. G. *California's attitude toward the Oriental.* Annals Am. Acad., Nov., 1925. Pp. 15. A general and intimate review of the situation, with implication that California objects to the Oriental on economic grounds and wants continued exclusion, but that the people have become sensitive as to the highly undesirable way in which exclusion has been brought about.

MORELLET, J. *Les mouvements migratoires européens*. Rev. Sci. Pol., July-Sept., 1925. Pp. 31. Discussion of migration and repatriation figures for the leading emigration countries,—Italy, the United Kingdom, and Poland. Briefer discussion for other countries. Special attention to the increasing foreign element in the French population. Special comment on Italian policy. "The phenomena of migration inject a very delicate issue into international relations."

NEALE, E. P. *A New Zealand study in infant mortality*. Jour. Am. Stat. Assoc., Sept., 1925. Pp. 14. Special interest attaches to the study of infant mortality in New Zealand, because that country not only has the lowest rate in the world, but also has very accurate statistics of births and deaths.

RACHEL, H. *Bevölkerungsdichte und -wachstum*. Zeitschr. f. Geopolitik, 2 Jahrgang, Heft 6, 1925. Pp. 14.

RATHBONE, E. F. *Family endowment in its bearing on the question of population*. Eugenics Rev., Jan., 1925. Pp. 6.

SÉE, H. *Arthur Young et la population de la France*. Rev. d'Econ. Pol., Nov.-Dec., 1925. Pp. 3.

TAYLOR, H. C. *The movement of population from the farms to the cities in the United States*. Econ. World (reprinted from New York World), Aug. 9, Aug. 15, 1925. Pp. 2. Movement between country and city should be facilitated, to the end that "as soon as farmers find they cannot secure returns in farming adequate to enable them to live as comfortably as city folks they can easily move to the city."

THOMPSON, W. S. *Size of families from which college students come*. Jour. Am. Stat. Assoc., Dec., 1925. Pp. 15. Statistical research along lines previously followed by Baber and Ross and by Holmes. Data are discussed by geographical divisions and by occupational groups. The educated classes are failing to reproduce themselves in the Northeast and in some parts of the West, but not in the South and other parts of the West.

TREADWAY, W. L. *Our immigration policy and the nation's health*. Sci. Mo., Oct., 1925. Pp. 10. Historical outline of regulative measures in our immigration policy.

VILLARD, H. G. *Will the French race become extinct?* Sci. Mo., Dec., 1925. Pp. 9. A popular review of French vital statistics. The conclusion is that France must improve its hygiene and reduce its death rate. Otherwise the French will shrink in numbers, their place will be taken by alien immigrants, and France will become, not depopulated but "denationalized."

WICKENS, C. H. *Australian population: its nature and growth*. Econ. Record, Nov., 1925. Pp. 16. Periods of settlement and growth of population, rate of growth, natural increase and migration, comparison with rates in other countries, limits of growth, population and means of subsistence, racial qualities and occupations, growth of city populations, longevity.

WIDTSOE, J. A. *Smoothing the path of colonization*. New Reclamation Era, Feb., 1926. Pp. 2. Contrasts the successful colonization of western land by the Mormons with the indifferent success of settlement on federal reclamation projects, and attempts to explain the causes of the contrast.

Effect of decreased birth rate on the future German labor market. Mo. Lab. Rev., Feb., 1926. Pp. 2. Digest of an article in the *Reichsarbeitsblatt*, Nov. 24, 1925. Shows the great decrease in the number of children who will leave school in the years 1930-1933.

Mobility of population in Seattle. Mo. Lab. Rev., Feb., 1926. Pp. 5. Abstract of "A study of mobility of population in Seattle" by A. W. Lind (University of

Washington Publications in Social Science, Vol. 3, No. 1, 1925). A study of intra-city as well as interstate and international migration, in a city which has an unusually large migrant population, with its attendant problems.

Wege der überseeischen Auswanderung aus Osteuropa vor dem Weltkriege. Danziger Stat. Mitteilungen, Oct. 20, 1925. Pp. 2. Gives reasons why Hamburg and Bremen were the chief emigration ports of North Europe before the war, and speculates as to the prospects that Danzig may become an important point of embarkation from East Europe.

Insurance

(Abstracts by F. E. Wolfe)

ANDERSON, R. B. *Apportionment of a trust fund between life tenant and reversioner.* Jour. Inst. Acctg., Nov., 1925. Pp. 13. An apportionment by mutual consent which does not take account of the incidence of taxation is not equitable. Shows how taxation may be taken into account equitably.

BISHOP, A. L. *Insurance problems of the business executive.* Harvard Bus. Rev., Jan., 1926. Pp. 7. Restates merits of methods used by large corporations in managing insurance interests.

BROWN, A. M. *Problems involved in insuring the earthquake hazard.* Econ. World, Dec. 19, 1925. Pp. 2. Lack of experience, inadequate premiums, and a hit-and-miss plan of rating must give way to methods based upon a building inspection code and consideration of locations of cities as to distances from well-known earth faults.

COSYNGTON, M. *Industrial pensions for old age and disability.* Mo. Lab. Rev., Jan., 1926. Pp. 35. Classifies features of old-age and disability plans of over 200 private industrial companies, and states attitude of employers and workers. Annuity plan as a substitute for pension system gains favor.

CRAWFORD, W. S. *Fire insurance in the United States in 1925.* Econ. World, Jan. 28, 1926. Pp. 2. Companies gave much consideration to expense reduction and revision of underwriting policies.

DINGMAN, H. W. *Moral hazard in disability insurance.* Econ. World, Nov. 21, 1925. Pp. 2. Recounts historical beginnings of health and accident companies with special reference to American experience since 1845.

—. *Moral hazard in disability insurance.* Econ. World, Nov. 28, 1925. Pp. 4. Health insurance is unprofitable. Disability claims are heavier when there is depression. Stock companies had a loss-ratio of 64 per cent in 1922, 61 per cent in 1923, and 58 per cent in 1924. Sixteen large health and accident companies found that the larger the indemnities the higher the loss-ratios. Casualty companies do not underwrite against disabilities, but against claims for disability.

EDWARDS, G. *The benefits to employees of sound pension plans.* Annalist, Dec. 4, 1925. Pp. 2. Group annuity reserve plan gives a reasonable pension at a cost of 1 per cent each year of total annual payroll from the beginning of a corporation's existence, and offers inducements for employee contributions. Accrued credits of employees cannot be used for any other purpose and are transferable at change of employment.

—. *Industrial pension plans collapsing.* Annalist, Nov. 20, 1925. Pp. 3. Lack of systematic financial provision, and mounting costs for pensions in relation to payrolls of growing industrial corporations, have forced general reconsideration and overhauling of plans. Striking charts of the actuarial burden under existing plans are shown.

FISKE, H. *Fifty years of life insurance*. Econ. World, Dec. 5, 1925. Pp. 4. Summarizes evidence of progress not only materially but also in range of functions and of social usefulness.

FOSTER, W. S. *Leasehold interest insurance and how it is written*. Econ. World, Jan. 16, 1926. Pp. 3. Shows why any increase in the value of a lease to the lessee may require protection. Net or discounted leasehold interest is covered.

GARRISON, F. S. *Plate glass insurance*. Proc. Cas. Act. Soc., June 5, 1925. Pp. 11. Describes one of the oldest lines of casualty insurance, its rate making problems and methods.

HERRMANNSDORFER, F. *Gefahr und Gefahranzeige bei der Rückversicherung*. Zeitschr. f. d. ges. Versicherungswis., Jan., 1926. Pp. 13. Reviews the significance of risk and an index of risk to the reinsuring company under the obligatory and facultative types of contract.

HEWES, A. *England's unemployed*. Am. Rev. Rev., Jan., 1926. Pp. 4. Persistence of England's problem of unemployed defies wholly satisfactory explanation. State system of unemployment insurance offers no inducement in lower rates to the employer who by good management eliminates slack periods. Public works plan set up in 1920 to relieve unemployment has not shown very encouraging results.

HOBBS, C. W. *State regulation of insurance rates*. Proc. Cas. Act. Soc., June 5, 1925. Pp. 58. A convenient summary of anti-compact, anti-discrimination, and rating laws of each state.

INSOLERA, F. *La cassa nazionale infortuni e l'assicurazione infortuni agricoli*. Giorn. di Mat. Finan., Dec., 1925. Pp. 17. Critical attack on the national accident fund. It has given little help to agriculture in comparison with local mutual benefit associations. There is too much administration expense and too little supervision.

KIMMEL, A. *Die Nettkostenaufstellungen in der Lebensversicherung*. Zeitschr. f. d. ges. Versicherungswis., Jan., 1926. Pp. 5. Shows varying practices of German companies in sharing surplus. Closer inspection and uniformity are needed.

MANES, A. *Meilensteine auf dem Wege internationaler Versicherungs-Wissenschaft*. Zeitschr. f. d. ges. Versicherungswis., Jan., 1926. Pp. 11. Summarizes the contribution of James Hemard, and of others in Europe to the scientific study of the science of insurance.

MOTELLE, A. *Financial machinery of fire insurance companies*. Annalist, Feb. 26, 1926. Pp. 2. Volume at risk tends to vary directly and insurance losses inversely, with general business conditions. Curve of average rates had downward trend during last twenty years. Barring accidental causes the loss-premium ratio has been steady.

NELSON, E. S. *Factors in the construction of the life insurance program of the individual*. Econ. World (reprinted from Insurance Field, Nov. 20, 1925), Jan. 9, 1926. Pp. 2. Income, family needs and individual considerations enter into the construction of a program. From 2 per cent to 10 per cent is a reasonable proportion of incomes from \$1,000 to \$10,000 to be devoted to life insurance.

NOUVION, G. *Les assurances sociales au sénat*. Jour. des Econ., Feb. 15, 1926. Reviews critically the case for proposed social insurance measure as favored by the socialists. Its enactment by senate would increase cost of living and consumers expenses all around.

PENMAN, W. *The present position of British life insurance*. Econ. World, Jan. 23, 1926. Pp. 4. Life insurance in England can be successfully managed on an

expense ratio of about 13 per cent. The amount in force per head of population is only about 50 per cent of what it is in Canada and not much more than one-third of what it is in United States.

PAOU, A. C. *Problems of compensation*. Econ. Jour., Dec., 1925. Pp. 14. Considers general problems of state compensation to individuals whom state action has injured, either by taking from an individual something belonging to him, or forbidding him to do something he has hitherto been free to do. There can be no question of compensation payment for injuries inflicted by taxation.

SENIOR, L. S. *Experience rating in rem and in personam*. Proc. Cas. Act. Soc., June 5, 1925. Pp. 7. It is not proper either in law or in insurance practice to charge a new owner for workmen's compensation with the sins of the past or to give him rewards for experience not earned under his supervision.

STELLWAGEN, H. P. *Automobile rate making*. Proc. Cas. Act. Soc., June 5, 1925. Pp. 17. Describes the setting up of a criterion for dependable volume of experience in determining individual community rates and a method for ironing out fluctuations in experience indications.

TAFFNER, W. *Gruppen-Lebensversicherungen*. Zeitschrift f. d. ges. Versicherungswis., Jan., 1926. Pp. 9. Accounts for late development of group insurance in Germany and shows its merits and the opposition to it.

TINNER, T. *On the average value and the standard deviation of a life annuity based on a given experience*. Jour. Inst. of Act., Nov., 1925. Pp. 7. Deduces an exact expression and shows error involved.

WOLL, M. *Union labor life insurance*. Am. Fed., Feb., 1926. Pp. 4. Purpose of the Union Labor Life Insurance Company, organized in 1925, is to sell insurance to workers without profit. All forms of policies, industrial policies, group insurance for labor organizations, and policies best adapted to needs of workers are to be issued.

A proposal for national insurance in Australia. Intern. Lab. Rev., Jan., 1926. Pp. 13. Summarizes recommendations of Royal Commission Report, calling for high cash benefits for sickness, accident, invalidity, and old age. Medical benefit is in complete separation from the cash payment.

A British scheme for group insurance in connection with the public schools. Econ. World (reprinted from The Review, Jan. 8, 1926), Jan. 30, 1926. Pp. 3. Proposed group insurance against possible disruption of a boy's education by the death of parent or guardian has some unusual features, but nothing to prevent its being handled successfully. Public school fees would include the premium on a decreasing sum for four years.

Guide to widows', orphans', and old age pensions. Lab. Bull. (Spec. Supp.), Sept., 1925. Pp. 8. An outline description of the provisions of England's Contributory Pensions act. Gives figures about pensions.

Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

CALLAHAN, P. H. *Should religious organizations be included in community chests?* Catholic Charities Rev., Dec., 1925. Pp. 2. Writer believes that the community chest will broaden and take on a distinctly community aspect only when all sectarian organizations are definitely excluded. He thinks that the chest movement will promote the development of public welfare work; and if religious institutions are involved they would be in danger of state supervision.

DOUGLAS, P. H. *The family allowance system as a protector of children*. *Annals Am. Acad. Pol. and Soc. Sci.*, Sept., 1925. Discusses briefly the development of the family allowance system in Europe. Contends that it is financially impossible for most industries to pay their workers enough to support a family of five, and that the family-of-five contention is largely mythical anyway. To prevent discrimination against workers with dependents, the writer suggests an equalization fund. He expects a notable development of this system not only in Europe but in the near future in this country as well.

GEORGES-RISLER, M. *L'aide à la famille et la natalité*. *Le Musée Soc.*, Oct., 1925. Pp. 4. Writer discusses a few results of the movement in favor of larger families. One community studied has attained a birth rate of 37.2 per thousand compared with the birth rate of the entire country, which is about 19 per thousand.

O'GRADY, J. *Lay participation in catholic charity*. *Catholic Charities Rev.*, Dec., 1925. Pp. 7. Catholic social work has made rather extensive use of the volunteer. However, much needs to be done to make volunteers successful. Nevertheless the development of volunteer service is an essential part of the educational program. There is the constant need of emphasizing the importance of individual and personal service.

ROULAND, E. *Les établissements nationaux de bienfaisance*. *L'Econ. Franç.*, Nov., 1925. Pp. 2. The author gives a brief account of the functions and service of a number of French charitable institutions, the oldest of which dates from 1254. Roughly speaking, the institutions for children are carrying on educational as well as charitable functions while those for adults give home hospital or convalescent care.

Cost of American almshouses. Mo. Lab. Rev., U. S. Bur. Lab. Stat., vol. XXI, no. 5, Nov., 1925. Pp. 2. Report covering 2183 almshouses, or 93 per cent of the entire number in the country. The inmates number 85,889, of which about one-third were women. Of the two systems of operation—direct management and the contract system—the former prevails in 88 per cent of the cases. More than one-third of the almshouses average less than ten inmates each; and more than one-half, twenty-five or less. Survey disclosed a per capita cost of \$334 for the year, that for larger institutions, however, being much less than that for the small ones. Most of the superintendents are political employees; salaries are small; and illiteracy is frequent. The almshouse population represents an admixture of insanity, feeble-mindedness, depravity and respectability. The social conditions in many institutions are unfavorable. Evidently but little progress has been made in solving the almshouse problem.

Etudes et documents. Fascicule 2. Ligue Nat. contre le Taudis, Oct., 1925. Report dealing with the French housing problem. Facts are given indicating the seriousness of the situation. The first effort made to solve the problem consists in helping families living under bad conditions to better housing opportunities.

Statistics

(Abstracts by Harry Jerome)

AXE, E. W. and HOUGHTON, R. *A bi-monthly index of business activity since 1884*. *Annalist*, Jan. 15, 1926. Pp. 2. This index, based on pig iron production, value of imports, railway traffic, and outside clearings, corrected for trend and normal seasonal variations, shows a pronounced tendency to cycles of about 36 to 38 months, with the downward swing ordinarily less than half as long as the upward swing.

BOURDON, J. *La statistique des familles norvégiennes au recensement de 1920.* Jour. Soc. Stat. de Paris, Nov.-Dec., 1925, Jan., 1926. Pp. 19. Evidence presented by 1920 census of Norway with respect to the size of families and declining fecundity.

BARSKY, W. *Der statistische Hochschulunterricht bei uns und auswärts.* Zeitschr. f. Volkswirtsch. u. Sozialpolitik, Band V, Heft, 4-6, 1926. Pp. 8. Provision for instruction in statistics less adequate in Austrian universities than in other continental countries.

BURGESS, W. R. *An analysis of changes in the New York money market.* Rev. Econ. Stat., Jan., 1926. Pp. 7. Daily or even hourly statistics of factors affecting reserves and reserve ratios of New York City banks enable the reserve bank to determine closely current status of the money market.

CADOUX, G. *Nos pertes de guerre; leurs réparations et nos dettes de guerre.* Jour. Soc. Stat. de Paris, Dec., 1925-Jan. 1926. Pp. 22. Economic significance of casualties; material damages; reconstruction outlays; the war debts.

CLARK, W. C. *The building shortage and the building normal.* Annalist, Dec. 18, 1925. Pp. 2. Estimates "normal" pre-war new construction at \$17.42 per capita, in 1913 dollars, for the needs of the old population, and \$721.21 for new population. Discusses factors tending to increase or lower this normal.

COLM, G. *Die methodischen Grundlagen der international-Vergleichenden Finanzstatistik.* Weltwirtsch. Archiv, Oct., 1925. Pp. 28. The considerations to be weighed in preparing and analyzing statistics of public expenditures and receipts, particularly with regard to a comparison of post-war burdens.

CRUM, W. L. and VANDERBLUE, H. B. *Coal mining and the business cycle.* Harvard Bus. Rev., Oct., 1925. Pp. 7. With an adequate and continuous car supply, a low-cost mine can operate more steadily than a high-cost mine and suffers less over a long period of fluctuating prices.

DIVISIA, F. *L'indice monétaire et la théorie de la monnaie.* Rev. d'Econ. Pol., Sept.-Oct., 1925. Pp. 29. Criticizes the lack of precision in the crude index numbers of prices in use, and sets forth the principles that should govern the construction of a theoretically satisfactory index.

DUBLIN, L. I. and LOTKA, A. J. *On the true rate of natural increase.* Jour. Am. Stat. Assoc., Sept., 1925. Pp. 36. A lucid and thought-provoking study of the true rate of natural increase when allowance is made for the effect of immigration and a declining birth rate in the past. The mean length of a generation. A retrospective reconstruction of American birth rates. Mathematical detail in an appendix.

EVROT, D. J. *Démographie et statistique en matière de tuberculose.* Le Musée Soc., Nov., 1925. Pp. 11. Tuberculosis causes one death in seven in France. Particularly high in cities and in northwest. Rates highest in 20-39 age group except in large cities (40-59). Anti-tuberculosis campaign is showing results.

FISHER, I. *New index numbers of stock sales and prices.* Annalist, Jan. 15, 1926. Pp. 2. The "ideal formula" applied to stock indexes.

HUBBARD, J. B. *A weekly index of money rates: 1922-1925.* Rev. Econ. Stat., Jan., 1926. Pp. 6. Reasons for using average of time loans and commercial paper rates, with weekly data, 1922-25.

MAGNAN, L.-J. *Les méthodes d'établissement des statistiques du commerce extérieur en France.* Rev. d'Econ. Pol., Nov.-Dec., 1925. Pp. 15. Historical development of French statistics of imports and exports, the changes in methods of determining values, and suggestions for improvements.

MOINE, M. *Le developpement de l'organisation antituberculeuse en France*. Jour. Soc. Stat. de Paris, Feb., 1926. Pp. 11.

PERSONS, W. M. and FRICKEY, E. *Money rates and security prices*. Rev. Econ. Stat., Jan., 1926. Pp. 18. Comparison of rates on prime commercial paper, 1884-1913, adjusted for seasonal influence, shows that advances or declines of 1½ per cent from the previous cyclical high or low, respectively, indicated that stock prices were near or at their cyclical low (or high).

PIETRI-TONELLI, A. *Recherches statistiques sur la discordance des changes inverses*. Jour. des Econ., Nov 15, 1925. Pp. 12. Disparities in exchange rates, 1914-1924, between New York, London, Paris, Rome, and Zürich.

THOMPSON, W. S. *Size of families from which college students come*. Jour. Am. Stat. Assoc., Dec., 1925. Pp. 14. A study in changing size of family, similar to Ross-Baber and Holmes studies, but with a larger representation from the South.

TOCKER, A. H. *The measurement of business conditions in New Zealand*. Econ. Record, Nov., 1925. Pp. 16. The New Zealand trade cycle is initiated by the effect of fluctuations in overseas trade upon purchasing power in the form of bank deposits. The cycle in New Zealand is expressed in changes in the volume of business rather than in marked price changes.

The movement to collect and publish international wool statistics. Bull. Nat. Assoc. Wool Manufacturers, Jan., 1926. Pp. 8. The International Institute of Agriculture has submitted to the important wool producing or using countries a tentative plan for the collection of prompt and comparable statistics of wool production, exports, imports, stocks and consumption.

Statistiska uppgifter till belysning av spritsmugglingen till Sverige. Soc. Med., Sept., 1925. Pp. 6. A statistical account of liquor smuggling into Sweden, 1922-1925, and comparison of the situation in Sweden with that in other Scandinavian countries.

The use and abuse of price index numbers. Bankers' Mag. (London), Nov., 1925. Pp. 12. Non-technical discussion of construction and use of index numbers, particularly in connection with the purchasing power parity theory of the exchanges.

DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

The American Automobile Association has reprinted the *Rubber Report of the House Committee on Interstate and Foreign Commerce*. This was submitted March 13, 1926. (H. R. No. 555, 69 Cong., 1 Sess., American Automobile Association, Washington, pp. 16.)

In the Trade Promotion Series, the Federal Department of Commerce has issued: Bulletin No. 27, *Currency, Banking and Finance in China*, by Frederic E. Lee (Washington, pp. 220, 30c.); No. 30, *Peruvian Public Finance*, by C. A. McQueen (pp. 126, 20c.); No. 31, *International Trade in Butter and Cheese*, by M. A. Wulfert (pp. 51, 10c.); No. 33, *Potash, Significance of Foreign Control and Economic Need of Domestic Development* (pp. 92, 15c.).

In the Trade Information Series, this Department has issued: Bulletin No. 386, *Foreign Trade of the United States in 1924, according to the International Statistical Classification* (pp. 9, 10c.); No. 387, *Foreign Trade of the United States in 1925* (pp. 40); No. 388, *Ice-Making and Cold-Storage Plants in Continental Europe* (pp. 112, 10c.); No. 389, *Trends in Japan's Trade*, by H. A. Butts (pp. 18, 10c.); No. 390, *Australia, a Survey of its Resources and Foreign Trade*, by E. A. Chapman (pp. 34, 10c.); No. 391, *Loose-Leaf Accounting in Foreign Countries*, compiled by G. Everett (pp. 90, 10c.); No. 392, *The Philippine Cotton-Goods and Hosiery Markets*, by E. B. George, and *The Philippine Embroidery Industry*, by L. M. Lloyd (pp. 41, 10c.); No. 393, *Motor-Bus Transportation, Part I.—Europe*, by H. C. Schuette (pp. 49, 10c.); No. 394, *Vehicular Traffic Congestion and Retail Business*, by I. K. Rolph (pp. 50); No. 395, *Machinery and Markets of Netherlands East Indies*, by J. F. Van Wickel (pp. 43, 10c.); No. 396, *Iron and Steel Trade of the Pacific Area*, by M. T. Jones (pp. 25, 10c.); No. 397, *Modern Farm Equipment in India*, by C. D. Martin (pp. 50, 10c.); No. 398, *Philippine Market for Hardware and Allied Lines*, by E. B. George (pp. 24, 10c.); No. 399, *The Balance of International Payments of the United States in 1925*, by Franklin W. Ryan (pp. 33); No. 400, *Budgets of Far Eastern Countries*, by E. E. Groseclose (pp. 48, 10c.); No. 401, *Sole Leather: World Production and International Trade*, by J. Schnitzer (pp. 25, 10c.); No. 402, *Caribbean Markets for American Goods, VI. Porto Rico*, by M. J. Meehan (pp. 25, 10c.); No. 403, *The Uruguayan Market*, by W. F. Read (pp. 52, 10c.); No. 404, *Motor-Bus Transportation, Part II.—Canada and Latin America*, by H. C. Schuette (pp. 602, 10c.); No. 405, *Markets of the Dutch West Indies*, by H. P. MacGowan (pp. 27, 10c.).

The Bureau of Railway Economics has issued two further bulletins on *Commodity Prices in their Relation to Transportation Costs*; No. 11 deals with *Live Stock*, and No. 12 with *White Potatoes*.

The address of Secretary Hoover of the Department of Commerce on *The Future of Our Foreign Trade*, delivered in New York, March 16, 1926,

under the auspices of the Export Managers' Club of New York, has been reprinted by the Department of Commerce (Washington, pp. 14.).

The Ninth Annual Report of the United States Shipping Board for the Fiscal Year Ended June 30, 1925 (Washington, pp. 215) gives details of the operation of the Emergency Fleet Corporation in its traffic operations.

The Report of the Federal Trade Commission of its Investigation of Charges against the American Tobacco Company and the Imperial Tobacco Company has been printed as Senate Document No. 34, 69 Cong., 1 Sess., (Washington, 1926, pp. 129).

Labor

The federal Bureau of Labor Statistics has issued the following bulletins: No. 398, *Growth of Legal Aid Work in the United States*, by R. H. Smith and J. S. Bradway, with a preface by Chief Justice Taft (Jan. 1926, pp. 145).

No. 402, *Collective Bargaining by Actors, a Study of Trade-Unionism among Performers of the English-Speaking Legitimate Stage in America*, by P. F. Gemmill of the Wharton School, University of Pennsylvania (pp. 102).

The Children's Bureau of the federal Department of Labor has issued Bulletin No. 151, *Child Labor in Fruit and Hop Growing Districts of the Northern Pacific Coast*, by Alice Channing (pp. 52); No. 152, *Industrial Accidents to Employed Minors in Wisconsin, Massachusetts and New Jersey*, by Edith S. Gray (pp. 119); and No. 155, *Child Labor in Representative Tobacco-Growing Areas*, by Harriet A. Byrne (pp. 42).

From the Women's Bureau of the United States Department of Labor has been received No. 48, *Women in Oklahoma Industries; a Study of Hours, Wages, and Working Conditions*, by Mrs. H. M. Hawkins and Miss R. I. Voris (Washington, pp. 118); and No. 50, *Effects of Applied Research upon the Employment Opportunities of American Women* (pp. 54).

The Bureau of Research of the Cloak, Suit and Skirt Industry of New York City, financed by the International Ladies' Garment Workers' Union, Industrial Council of the Cloak, Suit and Skirt Manufacturers' Protective Association, American Cloak and Suit Manufacturers' Association, and Merchants' Ladies' Garment Association has published two additional studies which have been submitted to the Governor's Advisory Commission of the Cloak, Suit and Skirt Industry of New York City. *Wages and Wage Scales, 1925*, by Morris Kolchin, is a statistical study of distribution of crafts in the industry in 1925 in New York shops; average rates of wages; classification of wages and union minimum wage scales; wages of workers in out-of-town coat shops, and comparison with rates in 1924; also comparison of wages in the cloak and suit industry with wages in other industries (pp. 63); also *Employment and Earnings of Workers, 1925*, by Morris Kolchin, which supplements the previous monograph (pp. 37; Bureau of Research, New York, 122 West 18th St.)

Banking

The Hearings before the Senate Committee on Banking and Currency on Consolidation of National Banking Associations, held February 16-24, 1926, have been printed (Washington, pp. 372). Among the witnesses were Mr. McFadden, whose testimony covers pp. 16-31; and Professor Henry P. Willis, pp. 46-137.

Among current reports received are:

Annual Report of the Comptroller of the Currency, Dec. 11, 1925 (Washington, pp. 137).

Annual Report of the Director of the Mint for the fiscal Year ended June 30, 1925 (Washington, pp. 241).

Seventh Annual Report of the State Bank Commissioner of Delaware, 1925, (Dover, pp. 233).

A Compilation of the Laws of Minnesota, relating to State Banks, Savings Banks and Trust Companies (St. Paul, August, 1925, pp. 56).

Report of Condition of Vermont State Banks, at the Close of Business September 28, 1925 (Montpelier).

Mr. Frederic H. Curtiss, Chairman and Federal Reserve Agent of the Federal Reserve Bank of Boston, has again summarized the experiences of member banks in Federal Reserve District I, grouped according to size of banks and character of business, showing *Operating Costs and Profits in 1925*.

Public Utilities

The Presidents' Conference Committee (429 Commercial Trust Building, Philadelphia) has issued a review, prepared by Frederick H. Lee, Secretary, of the *Developments in Connection with Federal Valuation between August 1, and December 31, 1925*.

Fifth Annual Report of the Federal Power Commission, is a summary of the year's work in 1925 (Washington, pp. 209).

Among current reports are:

Report of the Public Service Commission of Maryland for 1925 (Baltimore, pp. 448).

Fourth Annual Report of the Transit Commission for the State of New York for 1924 (Albany, 1926, pp. 612).

Provisions of Law in Force relating to the Business Corporations of Maine (Secretary of State, Augusta, 1925, pp. 68).

Finance Docket No. 4671, issued by the Interstate Commerce Commission, deals with *Control and Stock Issue by N. Y., C. & St. L. Ry.* This case was decided March 2, 1926.

Public Finance

The Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year ended June 30, 1925, contains a number of

exhibits relating to the indebtedness of foreign countries to the United States (Washington, 1926, pp. 947; \$1.25).

The Bureau of the Census has released a preliminary statement of the *Financial Statistics of State Governments: 1924* (pp. 7).

The United States Tariff Commission continues its reports on *Costs of Producing Sugar Beets, Part III—Nebraska* (pp. 68); *Part IV—Colorado* (pp. 98); *Part V—Utah* (pp. 92); *Part VII—Wyoming* (pp. 68).

The Tariff Commission has also made its report to the President on *Men's Sewed Straw Hats* (pp. 22). The appendix contains the Proclamation by the President. Also, the report to the President on *Taximeters* (pp. 21); and *Butter*, (pp. 143).

The Ninth Annual Report of the United States Tariff Commission summarizes the activities of this Commission during the past year (Washington, pp. 155).

A Preliminary Report of the United States Internal Revenue Bureau on Statistics on Income from Returns of Net Income for 1924, has recently appeared (pp. 18).

The Committee on Ways and Means has printed its *Hearings on Revenue Revision, 1925*, held October 19-November 3, 1925 (Washington, 1925, pp. 1137).

State reports dealing with taxation have been received as follows:

Connecticut: Information Relative to the Assessment and Collection of Taxes, 1925 (Hartford, Tax Commission, pp. 100).

Fourteenth Annual Report of the Colorado Tax Commission, 1925 (Denver, 1926, pp. 127).

Annual Report of the State Board of Tax Commissioners of the State of Indiana for the Fiscal Year ending September 30, 1925 (Indianapolis, pp. 74).

Fifteenth Annual Report of the Tax Commission of Ohio for 1924 (Columbus, 1925, pp. 230).

Fifteenth Annual Report of the New Hampshire Tax Commission, 1925 (Concord, pp. 155).

Inheritance Tax Laws of the State of Wyoming, 1925 (Cheyenne, pp. 17).

Annual Report of the Division of Taxation and State Board of Equalization of the State of South Dakota, 1924-1925 (Pierre, pp. 128).

Eleventh Annual Report of the South Carolina Tax Commission, 1925 (Columbia, pp. 201).

The Virginia State Chamber of Commerce has issued a series of pamphlets: No. 1, *Tax Conditions in Virginia* (pp. 27); No. 2, *Virginia Revenues and Expenditures* (pp. 4); No. 3, *Tax Administration in Virginia and Other States* (pp. 47); No. 4, *Tax Needs in Virginia* (pp. 38).

Bulletin No. 13 of the Rhode Island Tax Officials' Association contains the address of Mr. Albert B. Fales on *Local Taxation in Massachusetts* (Providence, Feb. 1, 1926).

NOTES

Messrs. Wesley C. Mitchell, Chairman, Allyn A. Young, Willard Hotchkiss, Chester Phillips, and William Glasson have been appointed Nominating Committee of the AMERICAN ECONOMIC ASSOCIATION. The chairman will be glad to receive suggestions from members.

The following names have been added to the membership of the AMERICAN ECONOMIC ASSOCIATION since February 1:

Bastable, C. F., Dublin, Ireland, (Honorary member).
Bell, S., Bureau of Business Research, Ohio State Univ., Columbus, Ohio.
Bennison, J. J., Labour Statistics Bureau, Secretariat, Rangoon, Burma.
Bodfish, H. M., College of Commerce, Ohio State Univ., Columbus, Ohio.
Brown, J. D., 2 College Road, Princeton, N. J.
Campbell, G. W., 5406 Harper Avenue, Chicago, Ill.
Carmichael, A., 127 South Crysler, Independence, Mo.
Chang, H. M., 1113 West Johnston Street, Madison, Wis.
Chase, E. P., 131 Broad Street, Middletown, Conn.
Cornell, J., 284 Boulevard, Scarsdale, N. Y.
Curran, K. J., Graduate College, Princeton, N. J.
Curtis, G. B., Lehigh University, Bethlehem, Pa.
Dewey, C. S., Treasury Department, Washington, D. C.
Duerhssen, W., Potash Importing Co. of Am., 506 Cit. Nat. Bank Bldg., Baltimore.
Dunne, M. R., 21 Cottage Avenue, Mount Vernon, N. Y.
Edwards, C. D., 210 Delaware Avenue, Ithaca, N. Y.
Edwards, H. D., 33 Bouquet Street, Pittsburgh, Pa.
Einaudi, L., Turin, Italy, (Honorary member).
Fackler, C. W., New York University, New York City.
Feldman, H., 55 West 44th Street, New York City.
Field, M., 38 Wall Street, New York City.
Fong, H. D., 95 Mansfield Street, New Haven, Conn.
Fox, J. M., Holy Cross College, Worcester, Mass.
Furniss, L. C., 507 Elm Street, Ann Arbor, Mich.
Gilbert, J. H., 1833 Alder Street, Eugene, Oregon.
Gregg, T. D., 165 Broadway, New York City.
Griswold, G., Chicago Jour. of Commerce, 12 East Grand Ave., Chicago, Ill.
Gubitz, A. C., Livermore and Whiteman Streets, Yellow Springs, Ohio.
Guild, L. R., Tusculum College, Greeneville, Tenn.
Hall, N. F., Graduate College, Princeton, N. J.
Haring, H. A., Jr., Box 1917, Yale Station, New Haven, Conn.
Harris, S. A., Holyoke House, Cambridge, Mass.
Hasse, A. R., Institute of Economics, 26 Jackson Place, Washington, D. C.
Healy, T. H., 431 Sixth Street, N. W., Washington, D. C.
Helm, W., Suite 831, First Nat'l Bank Building, Chicago, Ill.
Hoover, G. E., University of Oregon, Eugene, Ore.
Horr, G. D., Box 350, Wesleyan Station, Middletown, Conn.
Howard, E. H., Box 274, Lexington, Va.
Jéze, G., Paris, France (Honorary member).
Jocher, K., Univ. of N. C., Box 711, Chapel Hill, N. C.
Jones, J. P., 5 South Dodge Street, Iowa City, Iowa.
Kahler, C. M., 204 Logan Hall, Univ. of Pa., Philadelphia, Pa.
Kasatchkoff, J. M., 165 Broadway, Room 1707, New York City.
Kyes, R. M., Men's Building, Oberlin College, Oberlin, Ohio.
McCarty, H. H., College of Commerce, Univ. of Iowa, Iowa City, Iowa.
McGaughey, J. R., 525 West 120th Street, New York City.
McIsaac, A. M., Pyne Tower, Graduate College, Princeton, N. J.
Maher, A. G., 2160 Glenwood Ave., Toledo, Ohio.
March, C. S., Evening Session, Univ. of Buffalo, Buffalo, N. Y.
Masor, A., 2701 Grand Concourse, New York City.
Millard, J. W., 130 East Bradley Lane, Chevy Chase, Md.
Montague, G. H., 40 Wall Street, New York City.
Okumura, R., 327 Sixth Street, Oakland, Calif.

Opie, R., 14 Massachusetts Hall, Cambridge, Mass.
 Powell, L. M., N. Y. Employing Printers Assoc., 46 8th Ave., New York City.
 Presley, F. Y., Invest. Trust Co. of Am., 1546 Penobscot Bldg., Detroit, Mich.
 Pyle, J. G., Hill Ref. Lib., 4th and Market Streets, St. Paul, Minn.
 Rasmussen, E. L., 5213 Ingleside Avenue, Chicago, Ill.
 Roberts, H. V., 313 Carson Street, Morgantown, W. Va.
 Rogers, H., 1367 N. State Street, Chicago, Ill.
 Schmittman, L. S., 426 Fifth Street, N. W., Washington, D. C.
 Sheppard, E. J., 329 Russell Street, W. Lafayette, Ind.
 Singer, L. A., 91 Kendall Avenue, Toronto 4, Canada.
 Staten, F. A., Coll. of Bus. Admin., Univ. of Washington, Seattle, Wash.
 Stein, J. D., 59 East 72nd Street, New York City.
 Steinhauer, W. P., Port Deposit, Md.
 Stockder, A. H., School of Business, Columbia University, New York City.
 Temby, J. L., 1812 Chicago Avenue, Evanston, Ill.
 Thompson, W. N., Sigma Nu House, Middletown, Conn.
 Ure, M. D., Alpha Phi Omega House, Ripon, Wis.
 Updike, H. W., 37 Wall Street, New York City.
 Vickers, L., 292 Madison Avenue, New York City.
 Vincent, M. J., 1616 N. Mariposa Avenue, Los Angeles, Calif.
 Welch, G. T., Mass. Inst. of Technology, Cambridge, Mass.
 Wen, T. N., 129 N. Main Street, Oberlin, Ohio.
 Winkler, C. E., 1027 Madison Street, Lockport, Ill.
 Young, L. E., 400 Union Electric Building, St. Louis, Mo.

The *National Municipal Review* in April, 1926, introduced a new department, Public Utilities, under the editorship of Dr. John Bauer.

The National Bureau of Economic Research, Inc., is planning the publication of a new series of business cycle studies under the title of *Business Annals*. Advance notice states that this will present "the first business cycle history of the world in such form that conditions in seventeen leading countries can be compared for periods ranging from 36 to 136 years."

The Department of Commerce at Washington announces that "Progress in Waste Elimination" will be the theme for Management Week, October 25-30, 1926. The following organizations are sponsoring this effort: American Society of Mechanical Engineers, American Management Association, American Institute of Accountants, Taylor Society, Society of Industrial Engineers, Division of Simplified Practice, United States Department of Commerce. Those interested should correspond with Mr. R. M. Hudson, secretary of the National Committee, Department of Commerce, Washington, D. C.

The Sixth International Congress of Philosophy will meet at Harvard University, Cambridge, September 13-17, 1926. Division C has for its program, "The Theory of Values" (Ethics, Social Philosophy, Aesthetics).

The department of economics and political science of McGill University has begun a publication of a series of economic studies under the general title of "National Problems of Canada." No. 1 is entitled "The Transportation of Canadian Wheat to the Sea," by L. M. Fair (pp. 76); No. 2, "Ocean and Inland Water Transport," by members of the 1925 graduating class in commerce (pp. 52); No. 3, "The Taxation of Corporations in Canada," by J. H. Blumenstein (pp. 58); No. 4, "Reciprocal and Preferential Tariffs," also by members of the graduating class of 1925 (pp. 40). Other studies in preparation, to be published in 1926 are, "The Sales Tax

in Canada," "The Economic Situation of the Maritime Provinces," "The Proposed Embargo on the Export of Canadian Pulp-Wood," and "The Export of Power from Canada."

Under the auspices of the Institute of Statistics of the University of Padua and of the Institute of Economic Statistics and Economic Policies of the University of Rome, the "Indexes of Italian Economic Movement" has been published in Italy to carry on the work inaugurated by the Harvard Economic Service, later extended to the London and Cambridge Service, and that of the Institute of Statistics of the University of Paris. The Italian review is published by a special committee composed of Professor C. Gini, Dr. M. Alberti, Professor R. Bachi, Professor M. Boldrini, Dr. F. Coppola D'Anna, Professor F. Guarnieri, Professor L. Maroi, Dr. A. Molinari, and Professor G. Pietra. The issue is quarterly, and contains over 150 statistical curves. (Metron Administration, Instituto di Statistica R. Universita di Padova, Italy; \$2.50 per annum).

Mr. W. Henry Grant, secretary of the Trustees of Canton Christian College, Canton, China, writes that the trustees are seeking a professor of economics and business science, and would be glad to correspond with anyone who desired to consider the opening. Address 18 West 41st Street, New York City.

The *Ronald Forum* has published the papers presented at the fourth annual meeting of the Pacific Economic and Commercial Conference, sponsored by the Pacific Association of Collegiate Schools of Business and Departments of Economics, held at Seattle, Washington, December 29-30, 1925. (Ronald Press, New York, March, 1926.)

A joint meeting was held of the American Statistical Association and the American Management Association on the evening of March 5 in New York, to discuss the subject of "Sales Quotas."

On April 23 and 24 representatives from schools of collegiate grade in Kansas met in a conference at the University of Kansas, to consider the subjects of the teaching of economics and of business education.

Particular subjects presented and discussed include "Marketing Courses and Curricula," "The Course in Elementary Economics," "Accounting Courses and Curricula," "Organization of Economics and Commerce Courses for Freshmen and Sophomores," "Required Courses for Liberal Arts Majors in Economics," and "Secretarial Courses and Curricula." While there is only a very loose organization, it was decided to conduct a similar conference next fall, the place selected being Manhattan where the State Agricultural College is located. The sociologists and social workers of the state, without prearrangement, held a similar conference at Manhattan, and also decided to continue this activity. The two conferences will be held next year at the same place and time.

A Conference on Collegiate Education for Business was held at the University of Illinois on the occasion of the dedication of the new building of the College of Commerce and Business Administration, May 6-8.

Announcement has been made of the continuation of economic prizes given by Hart Schaffner & Marx for studies to be submitted before June 1, 1927.

The Chicago Trust prizes have been announced as follows: the first prize of \$300 was won by William A. Grimes, of Catonsville, Md., whose subject was, "Financing Automobile Sales by the Time Payment Plan;" the second prize of \$200 was awarded to Gerald M. Francis, of Urbana, Ill., whose essay treated of "Financial Management of Farmers' Elevator Companies." The Triennial Contest, in which the prize is \$2,500, has been opened for 1927. Information in regard to conditions may be obtained from the secretary of the Committee of Award, Leverett S. Lyon, Robert Brookings Graduate School, Washington D. C.

The Monograph prize of \$200 and \$300 will also be granted for papers submitted by August 31, 1926.

The Lehn & Fink Products Company offers a prize of \$1,000 for a paper on "The Most Practical and Workable Price Peace Plan," relating to a definite policy for the retailer, the jobber, the manufacturer, the chain store, and the department store, including a consideration of a resale price law. This is open to students or instructors of economics or marketing of any college in the United States. Information may be obtained from Lehn & Fink, 250 Park Avenue, New York City. Among the members of the jury of award are: A. W. Shaw, publisher of *System*, and Professor M. T. Copeland, of the Graduate School of Business Administration, Harvard University.

Mr. A. T. Simonds, Fitchburg, Mass. announces the fifth in a series of essay contests on economics. The topic for 1926 is, "Saving and Spending as Factors in Prosperity, with Special Reference to the Effect of Simplified Practice and the Elimination of Waste on the Standards of Living." The first prize, \$1,000, and two second prizes of \$250 each will be granted. Information can be obtained by writing the Contest Editor, 470 Main Street, Fitchburg, Mass.

The Economic Society of Australia and New Zealand has begun the publication of *The Economic Record*, to be issued twice yearly by the Melbourne University Press in association with the Macmillan Company. The price is 10 shillings per annum. The first issue, November, 1925, contains articles on Australian population, banking, tariff, wages and measurement of business conditions in New Zealand. Subscriptions should be directed to the Melbourne University Press, Melbourne, Victoria, Australia.

The Reference Service on International Affairs (10 Rue de l'Elysee, Paris) has published, under date of February 25, 1926, a useful pamphlet on "European Economic and Financial Publications" (pp. 31, price \$2.). This is an extended bibliography showing the principal financial and economic publications of European countries. For the most part, the lists were furnished by the American consul-general or the consul in the respective countries. This list is confined to dailies, weeklies, monthlies and annuals published under governmental authority and by commercial and business

organizations. It will serve as a most useful directory for publications of this character.

The Bureau of Business and Social Research of the University of Buffalo has begun the publication of a *Statistical Survey*. The first number appeared in April.

The Fletcher-American Bank and the Fletcher-American Company, in coöperation with the Bureau of Business Research of the School of Commerce and Finance, Indiana University, has begun the publication of the *Indiana Business Review*. The first number appeared under date of March 10, 1926. The director of the University Bureau is Professor L. D. Edie.

The American Statistical Association announces the publication of "Population Problems." This volume contains 19 of the addresses which were delivered at the annual meeting of the American Statistical Association and at the joint meeting of the Statistical Association with the American Economic Association. Orders may be sent to the Pollak Foundation, Newton, Mass., \$4; (to members of the American Statistical Association, \$2).

The American Historical Association is engaged in raising an endowment for the promotion of "American history and of history in America." An increased endowment from \$50,000 to \$1,000,000 is asked. If this can be obtained, the Association hopes to engage in a more extensive range of historical research. Mr. A. J. Beveridge is chairman of the Committee on Endowment, and the executive secretary, Professor Solon J. Buck, may be addressed at 110 Library, Columbia University, New York.

The American Association of Collegiate Schools of Business has published a report on "Research Projects of the Member Schools." This contains a useful finding list of investigations which are already under way at various institutions. (Dr. W. A. Rawles, Indiana University, Bloomington, Indiana.)

Professor Allyn A. Young and Mr. David F. Houston are the American members of the committee appointed by the Council of the League of Nations to make plans for an international economic conference. The committee held its first meeting in Geneva, April 26.

Professor Francis Y. Edgeworth died February 13, 1926, at the age of 81. The *Economic Journal* for March, pp. 140-153, contains an extended notice of his life and work, by Mr. J. M. Keynes.

Professor Frank R. Rutter of Tuck School, Dartmouth College, died May 14 at the Massachusetts General Hospital, Boston, Mass.

Appointments and Resignations

Dr. James Waterhouse Angell has been made an associate professor at Columbia University.

Professor Willard E. Atkins of the University of North Carolina has accepted a position as professor in the new department of economics which

is being created in the Liberal Arts College, Washington Square, Division, New York University.

Dr. John Bauer has joined the staff of the American Public Utilities Bureau, engaged in publishing Coöperative Public Utilities Service (50 Madison Avenue, New York City).

Mr. James Douglas Brown has been appointed instructor in economics and director of the industrial relations section in Princeton University.

Dr. Harold H. Burbank has been promoted to the rank of full professor in the department of economics, Harvard University.

Professor John Maurice Clark has been called to a professorship at Columbia University.

Miss Alzada Comstock, associate professor of economics at Mount Holyoke College, has been appointed to a fellowship on the John Simon Guggenheim Memorial Foundation. She will spend the summer and the first semester of 1926-27 studying the financial reconstruction of Hungary under the plan of the League of Nations.

Dr. Kenneth Duncan has resigned his position as professor of economics at Canton Christian College, Canton, China, and has accepted an appointment as professor of economics at Pomona College, Claremont, California.

Mr. Russell C. Engberg, at present with the Institute of Economics, Washington, D. C., is to become associate professor of economics in the School of Business Administration at the University of Idaho.

Professor Robert Franz Foerster has resigned as director of the industrial relations section of the department of economics and social institutions at Princeton University.

Mr. L. G. Foster has been appointed professor of rural economics in Ohio State University. He was formerly deputy-chief of the Wisconsin State Bureau of Markets.

Mr. Edwin Frickey has been appointed instructor in economics at Harvard University.

Mrs. Elsa Butler Grove of the graduate department of social economy and social research at Bryn Mawr College, has been awarded the Vassar Alumnae Scholarship and is to study at Columbia in 1926-27.

Mr. William Thomas Ham has been appointed instructor in economics and tutor in the Division of History, Government and Economics at Harvard University.

Mr. George F. Henning has been appointed assistant professor of rural economics at Ohio State University. He will specialize in the study of livestock marketing.

Mr. Norman E. Himes, instructor in economics and sociology at Cornell College, Iowa, has been appointed a Fellow of the Social Science Research Council for the year 1926-27. He will investigate "The history of the birth control movement in England with special reference to the development and growth of the clinics."

Mr. Paul E. Holden, now assistant manager of the Department of Manufacture, United States Chamber of Commerce, has been appointed professor of industrial management in the Graduate School of Business at Stanford University.

Professor J. Hugh Jackson of the Harvard Graduate School of Business Administration will be professor of accounting in the Graduate School of Business at Stanford University for the year 1926-27.

Mr. John W. Jenkins, professor of business administration in the School of Commerce at the University of Georgia, has been granted a year's leave of absence and will spend the coming academic year in the Graduate School at Harvard University.

Mr. Edgar Jerome Johnson has been appointed instructor in economics and tutor in the Division of History, Government and Economics at Harvard University.

Mr. Carl Smith Joslyn has been appointed instructor in economics and tutor in the Division of History, Government and Economics at Harvard University.

Professor Malcolm Keir of Dartmouth College is to be on leave of absence during the first semester of next year. He plans to spend the time investigating labor and industrial conditions on the Pacific Coast.

Dr. Joseph Martin Klamon of the Commerce School at Temple University has accepted an appointment as professor of economics and business administration at the College of William and Mary.

Mr. Delmar Leighton has been appointed instructor in economics and tutor in the Division of History, Government and Economics at Harvard University.

Professor Howard T. Lewis, dean of the College of Business Administration at the University of Washington, has been appointed a Westinghouse exchange professor to Italy for the academic year 1926-27. He will lecture at the University of Rome, at Milan, Turin, and Naples.

Mr. Norman Lombard of San Francisco has been elected executive secretary of the Stable Money Association. This association has begun a series of monthly dinner meetings held in New York.

Dr. Lewis L. Lorwin, of the staff of the Institute of Economics, is going abroad for the summer to study the work of the International Federation of Trade Unions at Amsterdam and of other international labor organizations in connection with his forthcoming book on "Labor Internationalism" which he is preparing for the Institute.

Mr. Isador Lubin of the Institute of Economics has recently returned from England, where he has spent six months attending sessions of the British Coal Commission in preparation for the book on the British coal problem which he is preparing in collaboration with Dr. Helen Everett.

Mr. Archibald MacDonald McIsaac has been appointed instructor in economics and social institutions at Princeton University.

Mr. Arthur William Marget has been made an instructor in economics at Harvard University.

Mr. Eliot G. Mears, lecturer in the department of economics at Stanford University, has been appointed professor of geography and international trade in the Graduate School of Business at Stanford University.

Dr. Henry Schultz, formerly connected with the Institute of Economics, and until recently chief of the Children's Bureau, Department of Labor, in January, 1926, joined the staff of the Economics Division of the United States Tariff Commission.

Professor Sumner H. Slichter, on leave of absence from Cornell University, is visiting important labor centers such as New York, Philadelphia, Chicago, Akron and Detroit to gather material for a study which he is making at the Institute of Economics, on the attitude of labor unions to output.

Mr. W. Mason Smith has resigned his position as assistant professor of finance and accounting in the School of Commerce, University of Georgia, to accept a position in Northwestern University.

Dr. W. H. S. Stevens, who has been on leave of absence at the University of Maryland, has returned to his regular duties as assistant chief economist of the Federal Trade Commission. He is in charge of the inquiries into bread and flour and open price associations.

Mr. Edward K. Strong, Jr., has been appointed professor of applied psychology in the Graduate School of Business, Stanford University.

Professor F. W. Taussig of Harvard University testified in March before the Senate Committee which is investigating the Tariff Commission, giving an account of the work of the Commission during the time he was chairman and answering questions about later events.

Mr. Rexford G. Tugwell has been made associate professor at Columbia University.

Professor E. J. Urwick, formerly of the London School of Economics, has been appointed special lecturer in the department of political economy at the University of Toronto.

Mr. Benjamin B. Wallace, on leave of absence from the United States Tariff Commission, has joined the staff of the Institute of Economics to prepare a study of international commercial policies with special reference to the United States.

Mr. Harry Dexter White has been appointed instructor in economics and tutor in the Division of History, Government and Economics at Harvard University.

Mr. Vern C. Wooley, formerly with The Washburn Company of Worcester, Massachusetts, has joined the staff of the Economics Division of the United States Tariff Commission.

